

# Hard Choices Ahead

A presentation to the public by the  
Facilitation of Community Choices Committee  
Fall 2008



# Our Committee Mandate

- Review and understand the dynamics of the five components (Capital Budget, Library, Municipal, Elementary and Regional Schools) of the Amherst Budget
- Present possible budget scenarios to the public
- Answer questions and gather feedback
- Clarify public misconceptions about our budget and revenue stream

**Our ultimate goal is to assist the Town in formulating a five-year financial plan (FY10-FY14) that will reflect the values of the community**

# What You Can Expect from Us

- We will attempt to explain the financial realities facing Amherst without any political prejudices
- We will explain the history, current situation, and three projected budget scenarios for the:
  - Library
  - Municipal Town Government
  - Elementary school (Amherst)
  - Middle and high school (Regional)
  - Capital Budget
- We will explain current and projected revenue streams
- We will have a limited question and answer session

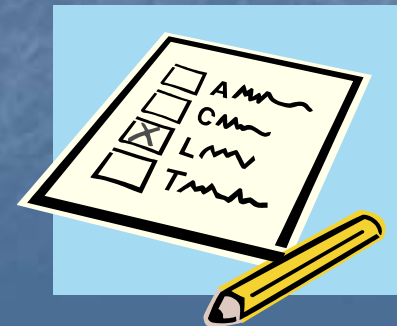
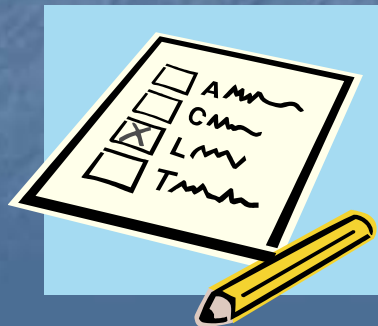




# What We Will Expect from You

**Honest, Thoughtful, Dispassionate Feedback that Acknowledges the Difficult Choices Ahead!**

- We will ask you to complete a brief questionnaire about which projected scenario you would like to see for each of the four budget lines:
  - Library
  - Municipal Town Government
  - Elementary school (Amherst)
  - Middle and high school (Regional)
  - Capital Budget



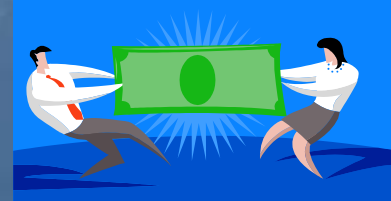
# Brief History

How we got into this position in the first place



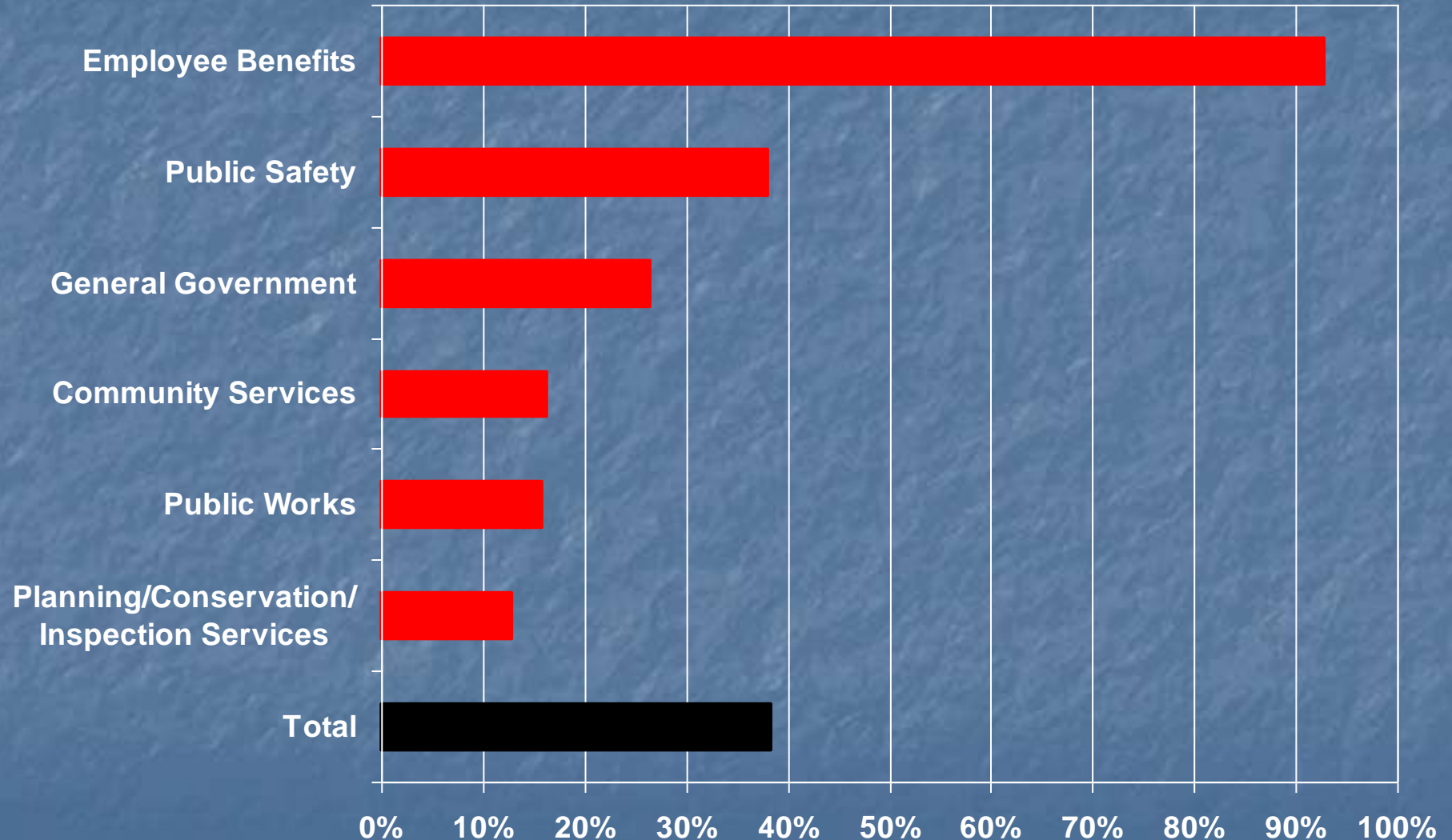
# Recent Stressors on our Budget

- State aid has not kept up with inflation
- Massachusetts communities are limited to how much they can increase local property taxes by Proposition 2 and a half. Proposition 2 and a half allows for an annual increase in property taxes of 2.5% **plus** any new growth in taxable property such as new construction /and or additions
- In Amherst, new growth has averaged 1.5% per year during the past 10 years and increases in property tax revenue, overall, has increased an average of 4% annually
- Because Amherst derives 57% of its revenue from local property taxes, this 4% annual increase in the taxable base yields a 2.28% (**4% times 57% equals 2.28%**) increase in overall revenue
- Fuel and Health Insurance costs have risen dramatically
- The State has increased mandates to the schools, particularly in the areas of special education and MCAS preparation
- Salaries have increased, sometimes above the rate of inflation





# Total Percent Increase of Various Areas of the Amherst Municipal Budget: FY00-FY07

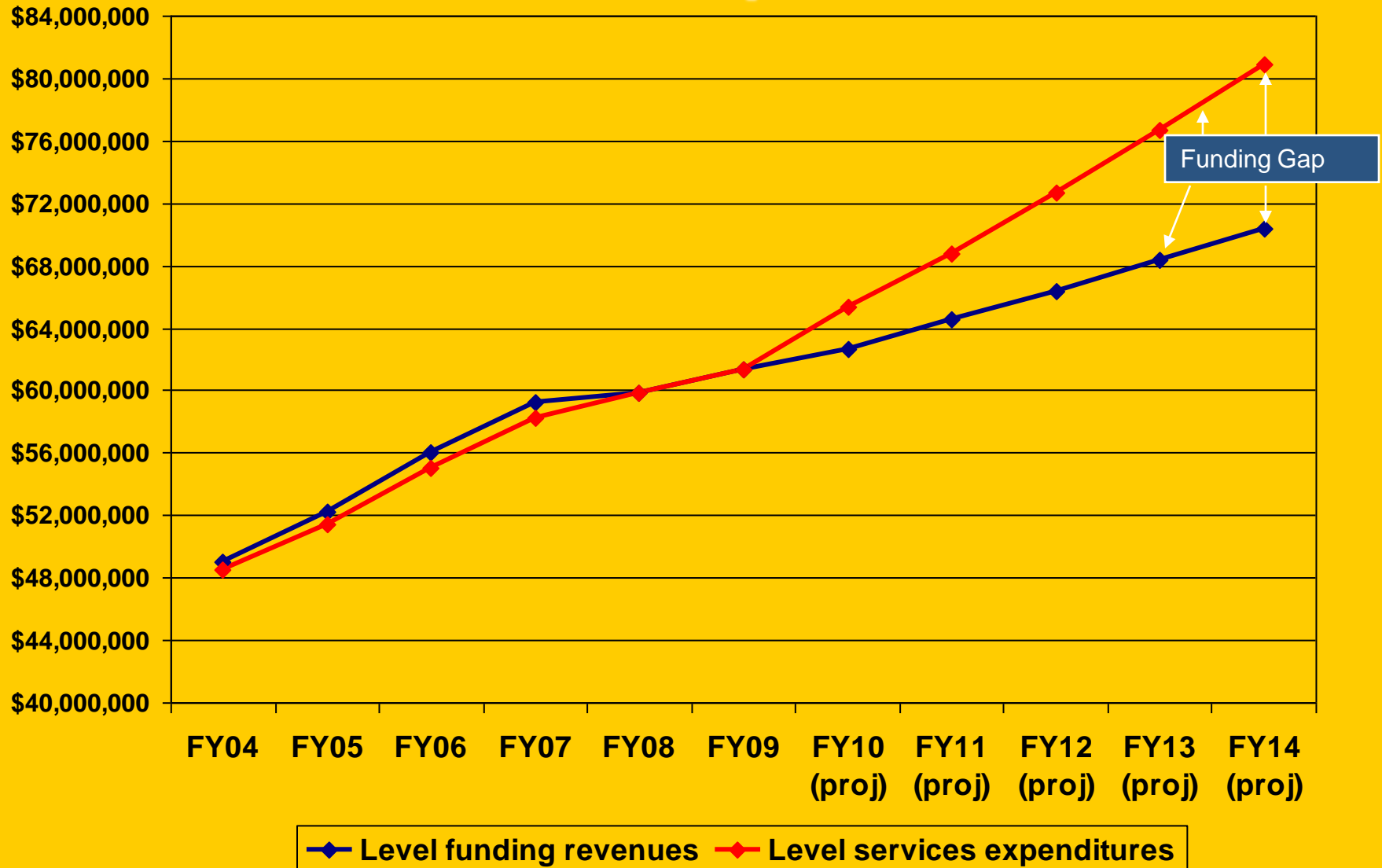


# Factors Affecting Property Tax Base

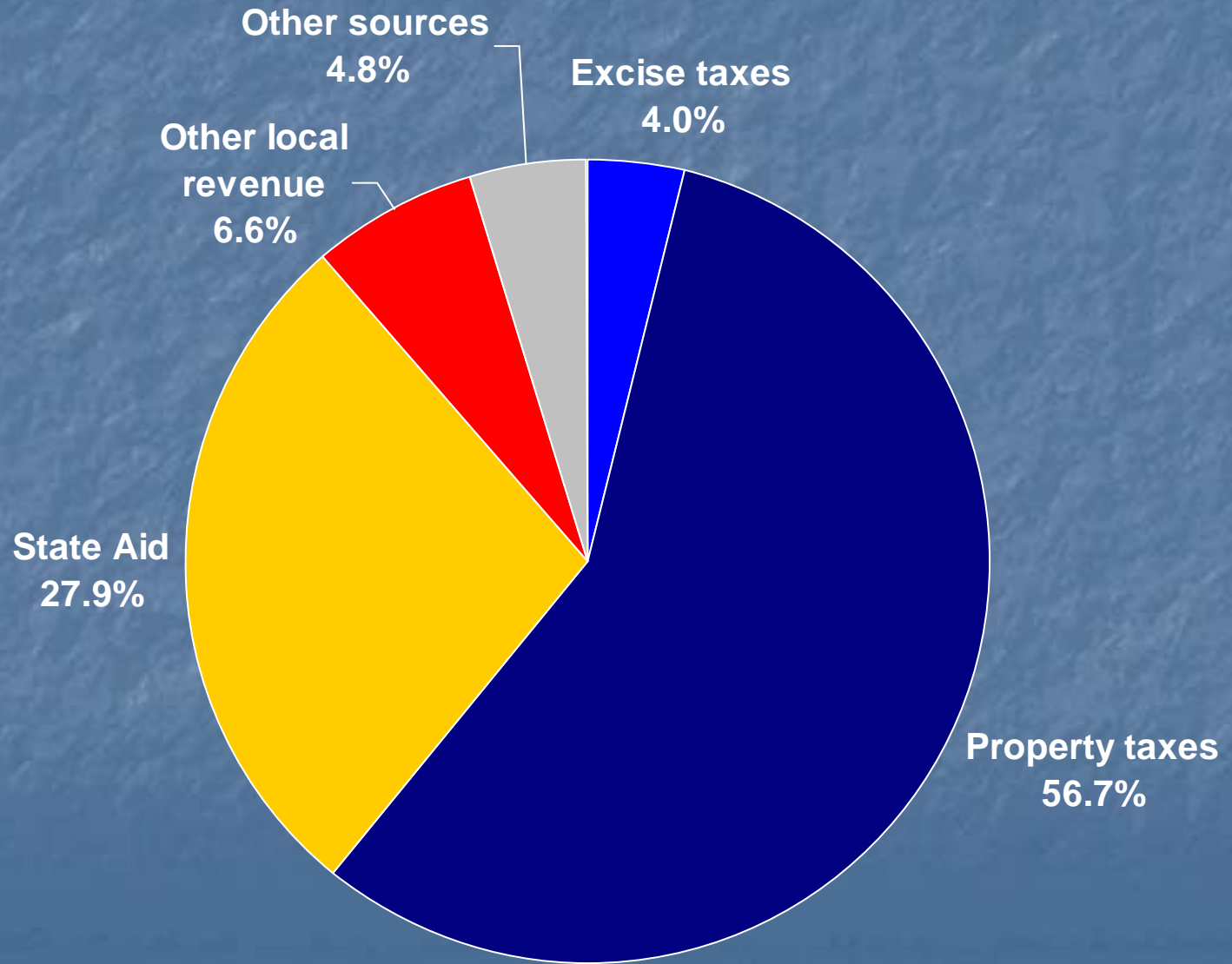
- We are a “college” town; 16.5% of the land in Amherst is non-taxable because it is owned by Amherst College, Hampshire College, and/or UMass
- We value our natural resources; 28.3% of the land is permanently protected open space, recreation, school, and conservation land; another 14.8% of our land is partially protected and owners get a tax break in exchange for keeping their land in farm, forest, or recreation use
- A total of 32.4% of land in Amherst pays no local taxes
- Consequently, the tax burden to support excellent schools, libraries and municipal services falls upon 52.8% of the land base.



# History and Projections of Total Town Revenue and Expenditures



# What Are Our Baseline Sources of Revenue? FY09



# **Three Possible Five-Year Scenarios**

**Scenario 1: Level Funding**  
**(requiring substantial cuts)**

**Scenario 2: Level Services**  
**(requiring additional revenue)**

**Scenario 3: Priority Restorations and Additions**  
**(requiring substantial additional revenue)**

**We will explain the three possible scenarios for our**  
**Library**  
**Municipal Government**  
**Elementary Schools**  
**Regional Schools**  
**Capital Budget**



# What Are the Assumptions for the Level Funding Scenarios?

Similar level of financial support available each year

- Property taxes continue to grow at the 2.5% limit per year
- 10-year average new growth of ~1.5% per year
- Chapter 70 state aid (for education) increases 1.5%/year
- Other types of state aid will remain flat
- Other local revenue grows at a rate of 2.2% per year
- Other, smaller sources of revenue grow at a rate of 4.0% per year
- As of FY10, we would spend none of our reserves.

Cuts would be necessary

# What Are the Assumptions for the Level Services Scenarios?

Level of services comparable to what is in place currently

- Assumes that resources will be allocated in the same way in the near future as they are currently
- Our town must still react to changes in the market (e. g. higher utilities) with changes to our collective priorities

Additional revenue would be required.

# What Are the Assumptions for the Priority Restorations and Additions Scenarios?

- Current level of services will be maintained  
**and**
- Additional services will be restored and/or added

**Substantial additional revenue would be required**



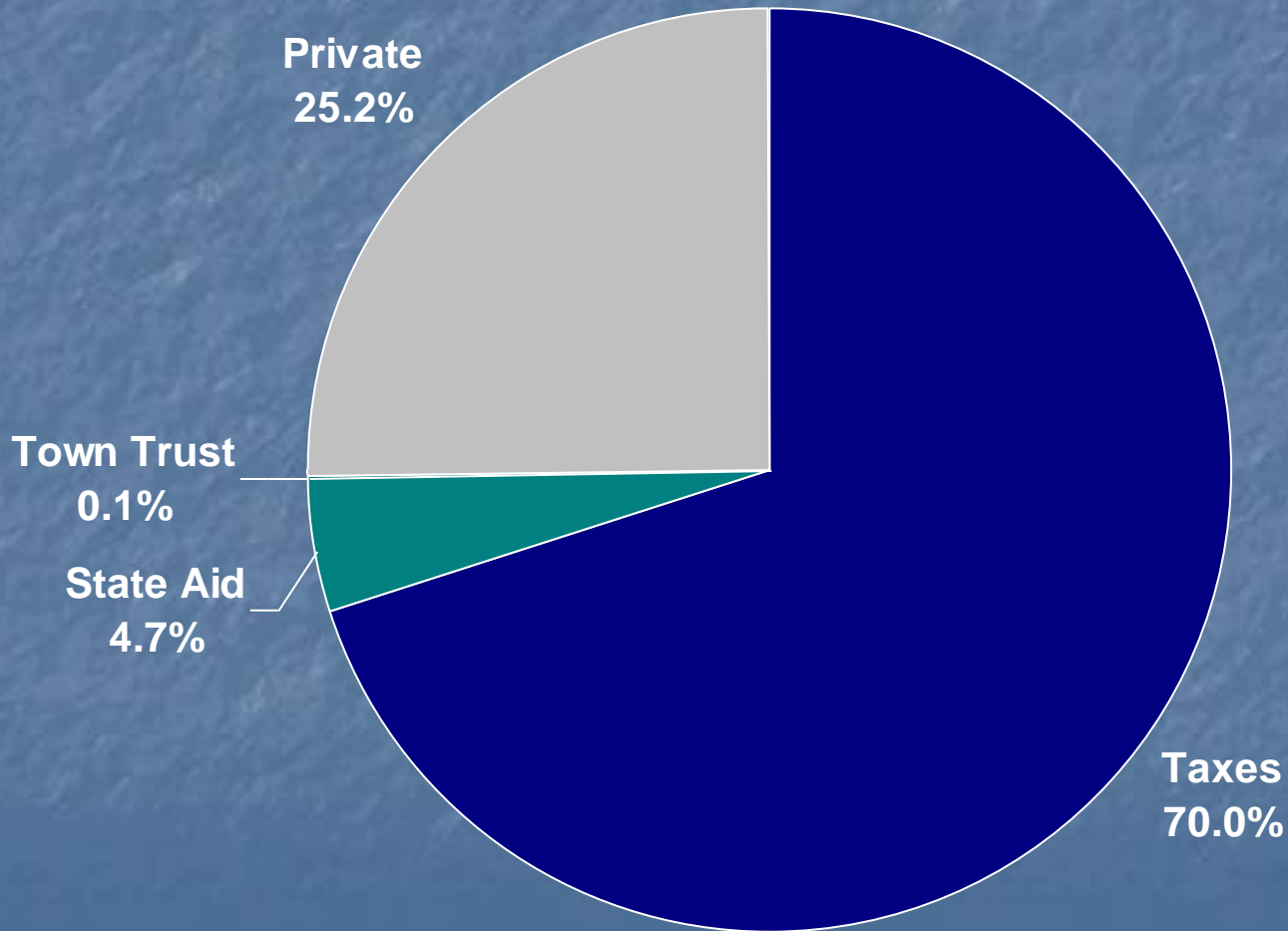


# Library

Current and projected expenditures for the  
Amherst Libraries

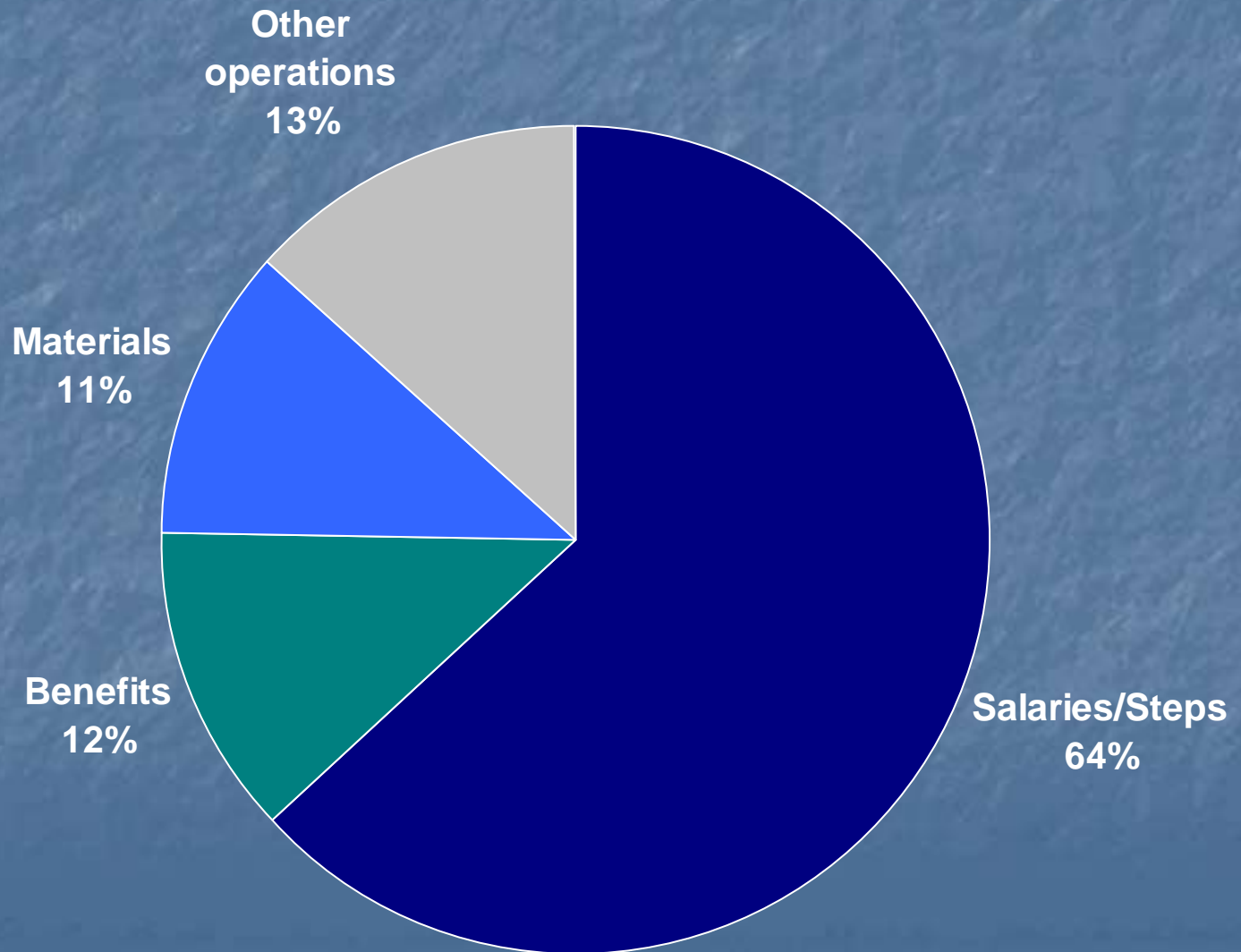


# How is the Library Currently Supported? FY09



# What Are the Current Library Expenditures?

## FY09 (\$2.1M)

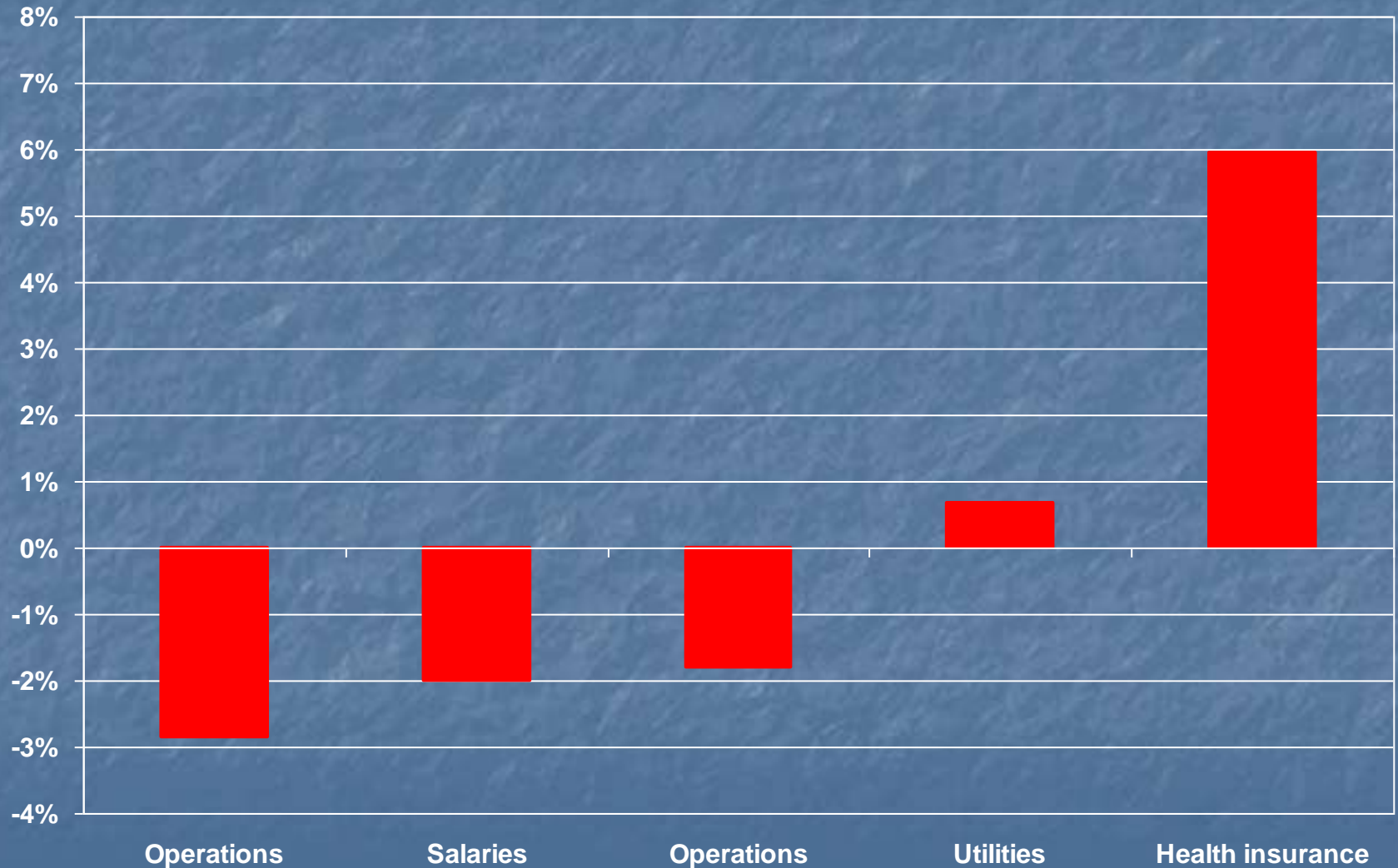




# History of the Library Budget Over the Past Five Years

- Closed Jones Library 4 hours on Monday mornings and 4.5 hours on Monday afternoons
- Closed both branch libraries one afternoon a week
- Closed Special Collections 4 hours Saturday mornings.
- Eliminated one full-time position in Circulation and reduced Circulation Supervisor to 30 hours/week
- Cut part-time, hourly professional reference librarians on Saturday and Sunday
- Cut Computer Technician position to 30 hours/week
- Cut teen after school activities
- Eliminated all funding for children's programs
- Reduced English as a Second Language Coordinator to 10 month position
- First reduced and then cut part-time hourly receptionist staff, requiring switch to automated phone answering system and cessation of overdue notices sent by mail
- Cut \$10,000 from budget for new books and AV
- Paid for utilities cost increases from Jones Library, Inc. emergency funds

# Change in Proportion of Library Budget Allocated to Various Areas: FY00-FY09



# **Three Proposed Library Scenarios**

## **Scenario 1: Level Funding**

**The Library budget will increase from \$2.1 to \$2.4 million by FY 14**

## **Scenario 2: Level Services**

**The Library budget will increase from \$2.1 to \$2.6 million by FY 14**

## **Scenario 3: Priority Restorations and Additions**

**The Library budget will increase from \$2.1 to \$2.7 million by FY 14**

**Please weigh in  
on these three scenarios.**



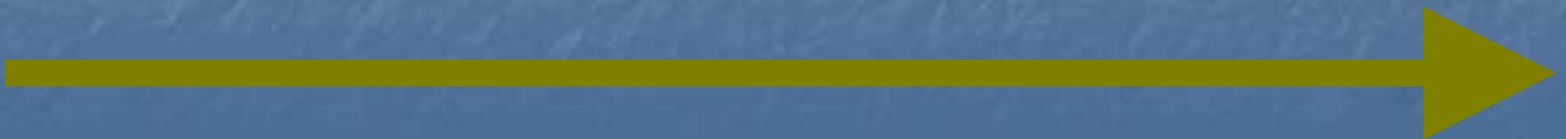
# Library Scenario 1: Level Funding

- Five positions cut, many “extra help” workers lost
- Closing main and branch libraries for 36 hours to a state minimum of 63 hours/week
- Potentially cutting both branch libraries
- Cutting Sunday hours
- Public access to historical and research collections limited
- English as a Second Language tutoring eliminated
- Reduced number of new library materials
- Class instruction on computer skills would be suspended



## **Library Scenario 2: Level Services**

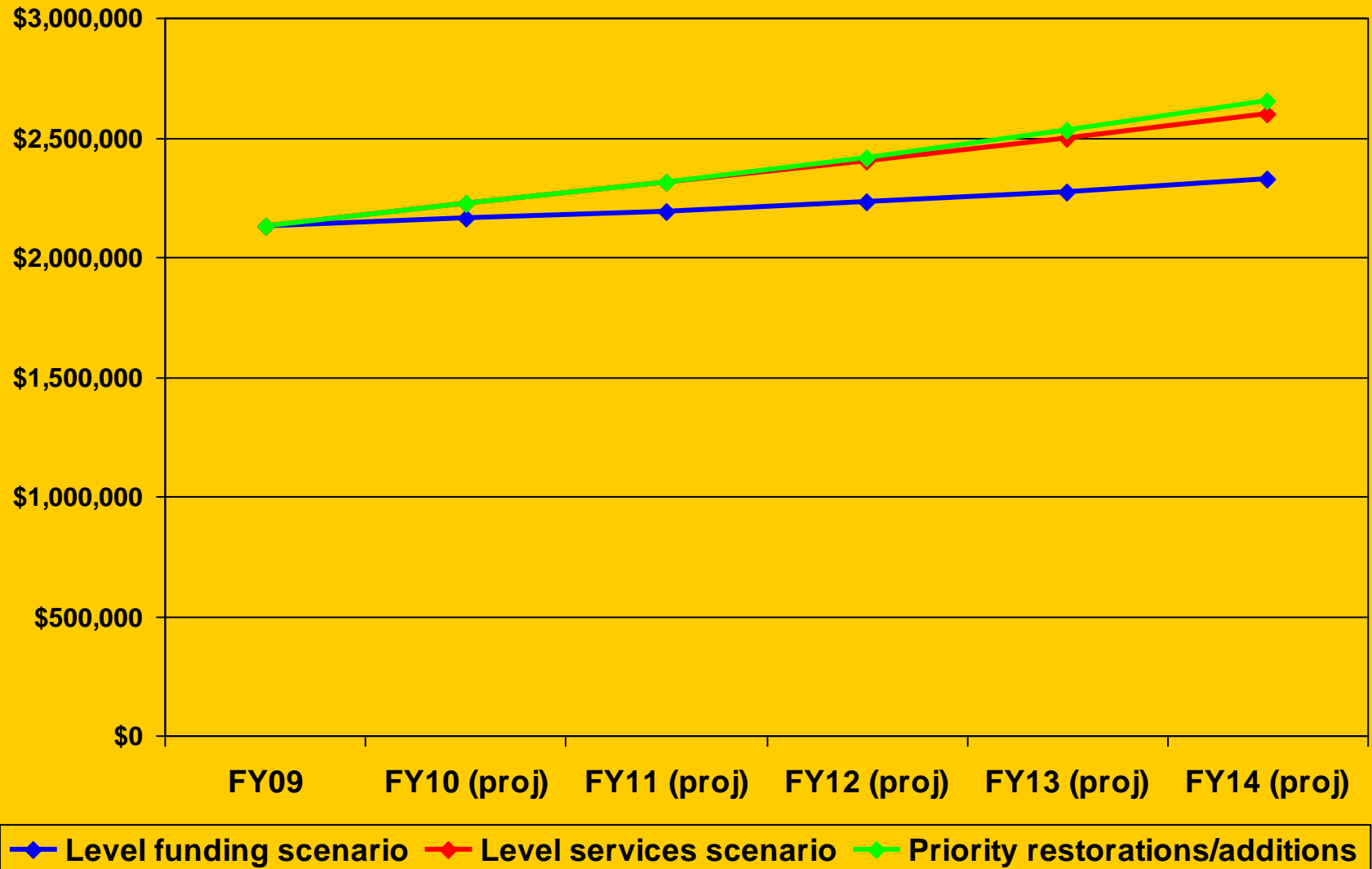
- Current services would be maintained at the current level, as much as possible
- Increases in budget would represent only those necessary to maintain services
- Additional revenue will be required



## **Library Scenario 3: Priority Restorations and Additions**

- Restoring 12 hours/week cuts in public services
- Re-opening library Monday mornings at the Jones, Thursday afternoons at North Amherst, and Friday afternoons at Munson
- Re-hire “extra help” professional Reference Librarians on an hourly basis
- Position of Computer Technician increased to full-time
- Restore two months funding for the ESL Coordinator
- Allocate 13% of funds to new materials, in compliance with state regulations

# Summary of the Three Library Scenarios





# Summary of Annual Budget Gap for the Three Library Scenarios

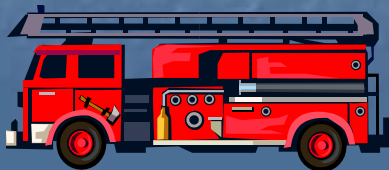
	FY09	FY10	FY11	FY12	FY13	FY14
Level funding (cuts)	\$0	\$0	\$0	\$0	\$0	\$0
Level services (no cuts/no additions)	\$0	\$57K	\$127K	\$172K	\$225K	\$270K
Priority Restorations and Additions	\$0	\$66K	\$126K	\$188K	\$256K	\$331K

**This represents the amount of additional money needed each year to close the gap between our currently projected budget and the amount needed for either level services or Priority Restorations and Additions services**



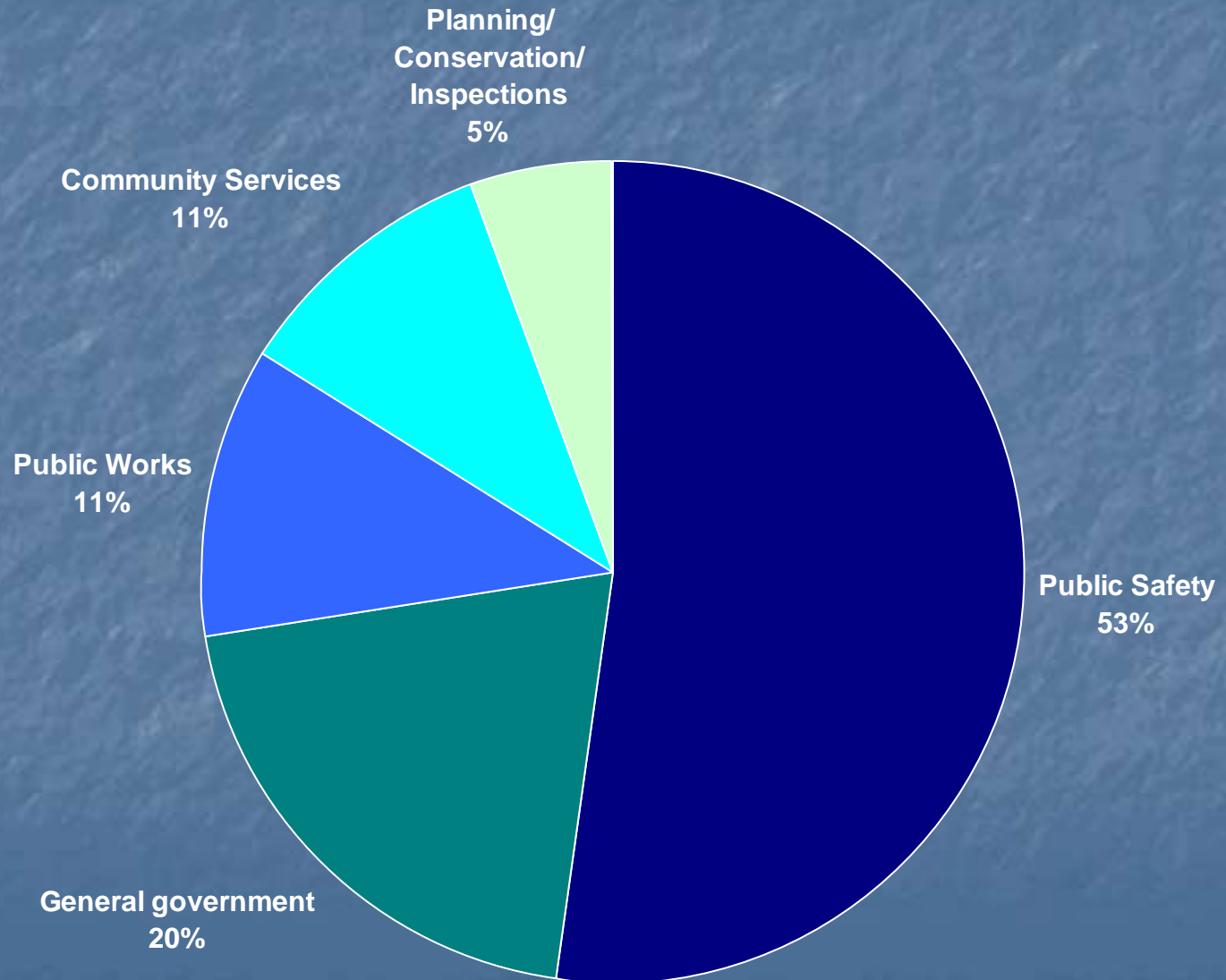
# Municipal Government

Current and projected expenditures for the  
Amherst Municipal Government



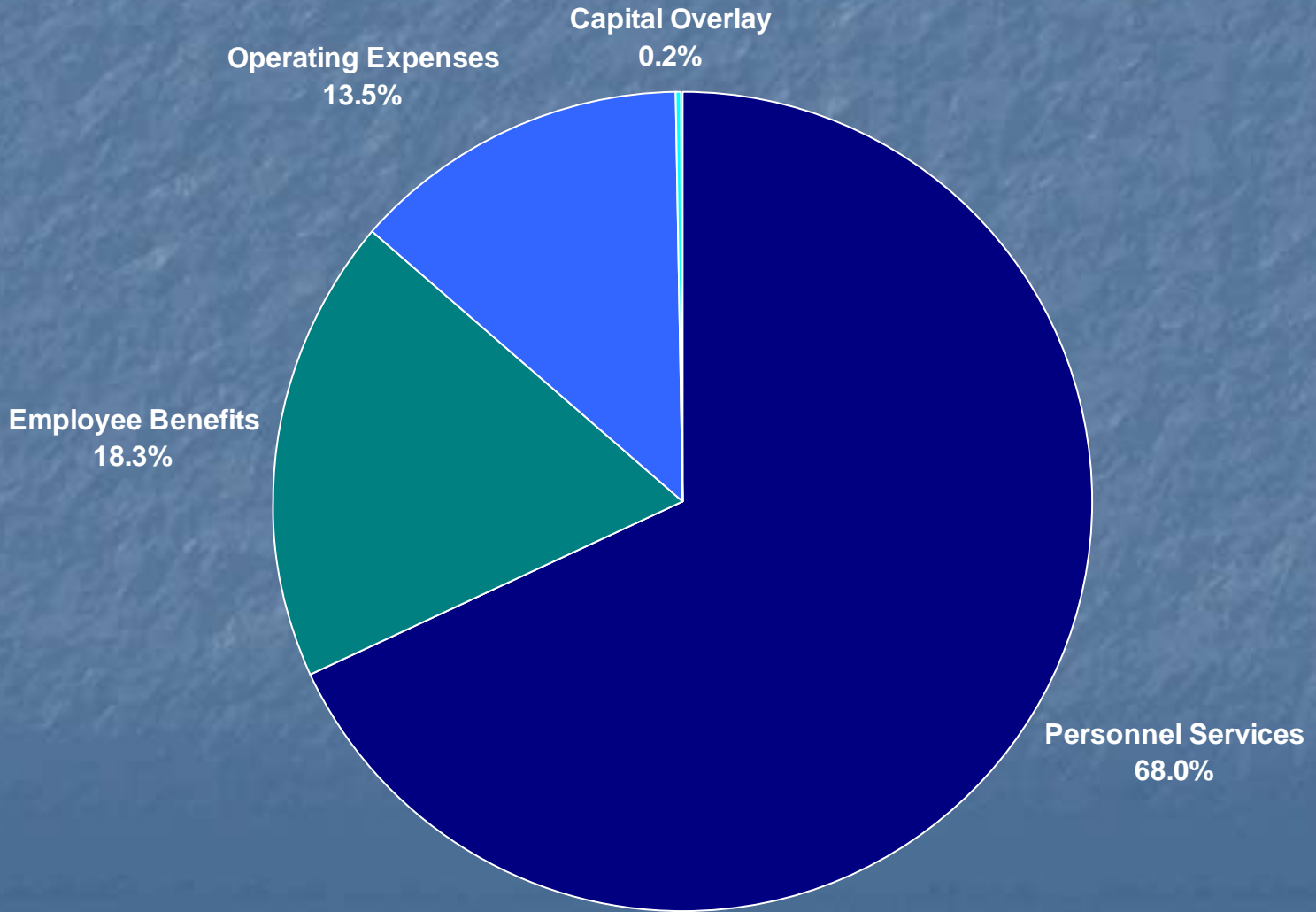
# What Are the Current Municipal Expenditures? Functional Area--FY09

(\$18.6M)



# What Are the Current Municipal Expenditures? Expenditure Type--FY09

(\$18.6M)





# History of the Municipal Government Budget Over the Past Five Years

- Reduced staffing in Finance (by 20%), Town Clerk, Human Resources, Conservation, and Building Departments
- Town Hall closed to public on Thursday mornings
- Invested in technology to increase productivity
- Negotiated employee health benefits savings
- Two Police officers eliminated. Increased response times.
- Fire/EMS manning increase funded partially by federal grant
- Rising cost of materials/fuel negatively affecting street/sidewalk/parks and other infrastructure maintenance
- Senior Center: Rising senior population, but reduced staffing/services
- LSSE: Reduced staff/programming (ex. Pools); reduced subsidies for special needs and low/moderate income patrons; substantially higher user fees; reduced tax support
- Human Service Agencies: Town tax support reduced by 55%

# **Three Proposed Municipal Government Scenarios**

## **Scenario 1: Level Funding**

**The Town budget will increase from \$18.6M to \$21.3M by FY 14**

## **Scenario 2: Level Services**

**The Town budget will increase from \$ 18.6M to \$23.7M by FY 14**

## **Scenario 3: Priority Restorations and Additions**

**The Town budget will increase from \$ 18.6M to \$25.6M by FY 14**

**Please weigh in  
on these three scenarios.**



# **Municipal Government Scenario 1: Level Funding**

- Reduction of positions in police and fire departments, resulting in delayed safety call responses
- Reduction of multiple personnel in Highway Division, affecting road conditions and snow removal
- Parks/grounds maintenance reduced/eliminated
- Elimination of support for local human service agencies
- Severe cuts to LSSE, including pool closings
- Additional programmatic cuts at Senior Center
- Cuts to non-mandated areas of public health
- Reduced maintenance of facilities--deterioration of Town assets
- Reductions in Information Technology
- Cuts to non-mandated Town Clerk services (passport processing)

# Municipal Government Scenario 2: Level Services

- Current services would be maintained at the current level, as much as possible
- Increases in budget would represent only those necessary to maintain services
- Additional revenue would be required.



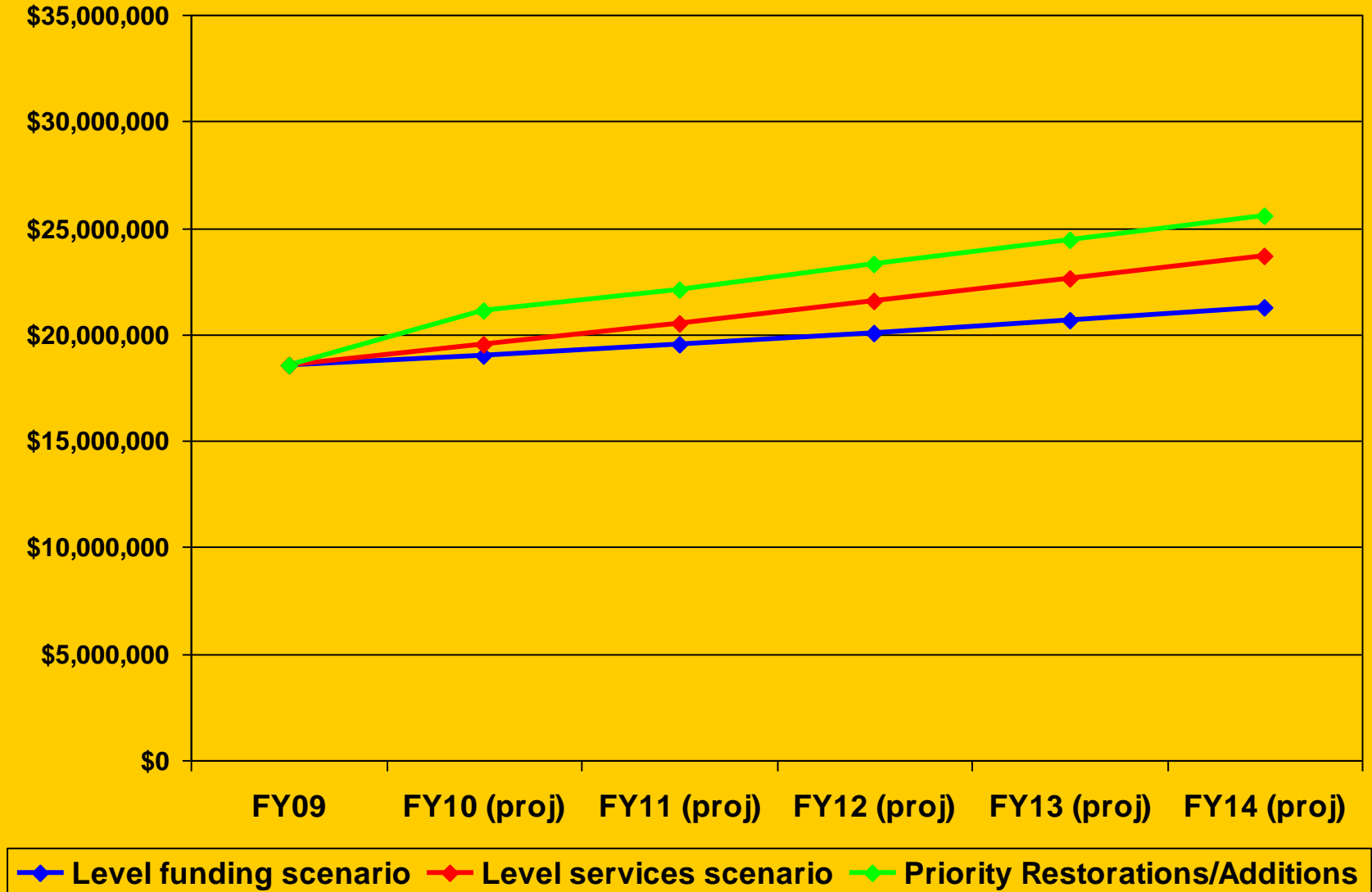


# Municipal Government Scenario 3: Priority Restorations and Additions

## Current services plus:

- Hire Economic Development Director
- Restore 2 Police Officers (for total of 50) and restore \$50k Overtime
- Seasonal help Puffers Pond and 3,000 acres of conservation land
- Hire Procurement Officer/Grant Administrator
- Additional labor and supplies to Public Works
- Facilities PM program (HVAC, energy mgt, pest control, painting, etc.)
- Reopen Central Services Counter Thursday mornings
- Restore Data Entry - Comptroller's Office
- Restore Intern, supplies, and expenses for Planning Department
- Increase Fire/EMS minimum manning to 9 from 7; increase OT by \$100k
- Add Deputy Chief to each shift
- Add contracted "on call" Building Inspector
- Move Nurse to full-time, increase Environmental staff to 3 from 2.5
- Add second Social Worker and increase money to Senior Center
- Increase Program Subsidies to needy families

# Summary of the Three Municipal Government Scenarios



# Summary of Annual Budget Gap for the Three Municipal Government Scenarios

	FY09	FY10	FY11	FY12	FY13	FY14
Level funding (cuts)	\$0	\$0	\$0	\$0	\$0	\$0
Level services (no cuts/no additions)	\$0	\$576K	\$995K	\$1.5M	\$1.9M	\$2.4M
Priority Restorations and Additions	\$0	\$2.1M	\$2.6M	\$3.2M	\$3.7M	\$4.3M

**This represents the amount of additional money needed each year to close the gap between our currently projected budget and the amount needed for either level services or Priority Restorations and Additions services**



# Elementary Schools

Current and projected expenditures for the  
Amherst Elementary Schools

Crocker Farm

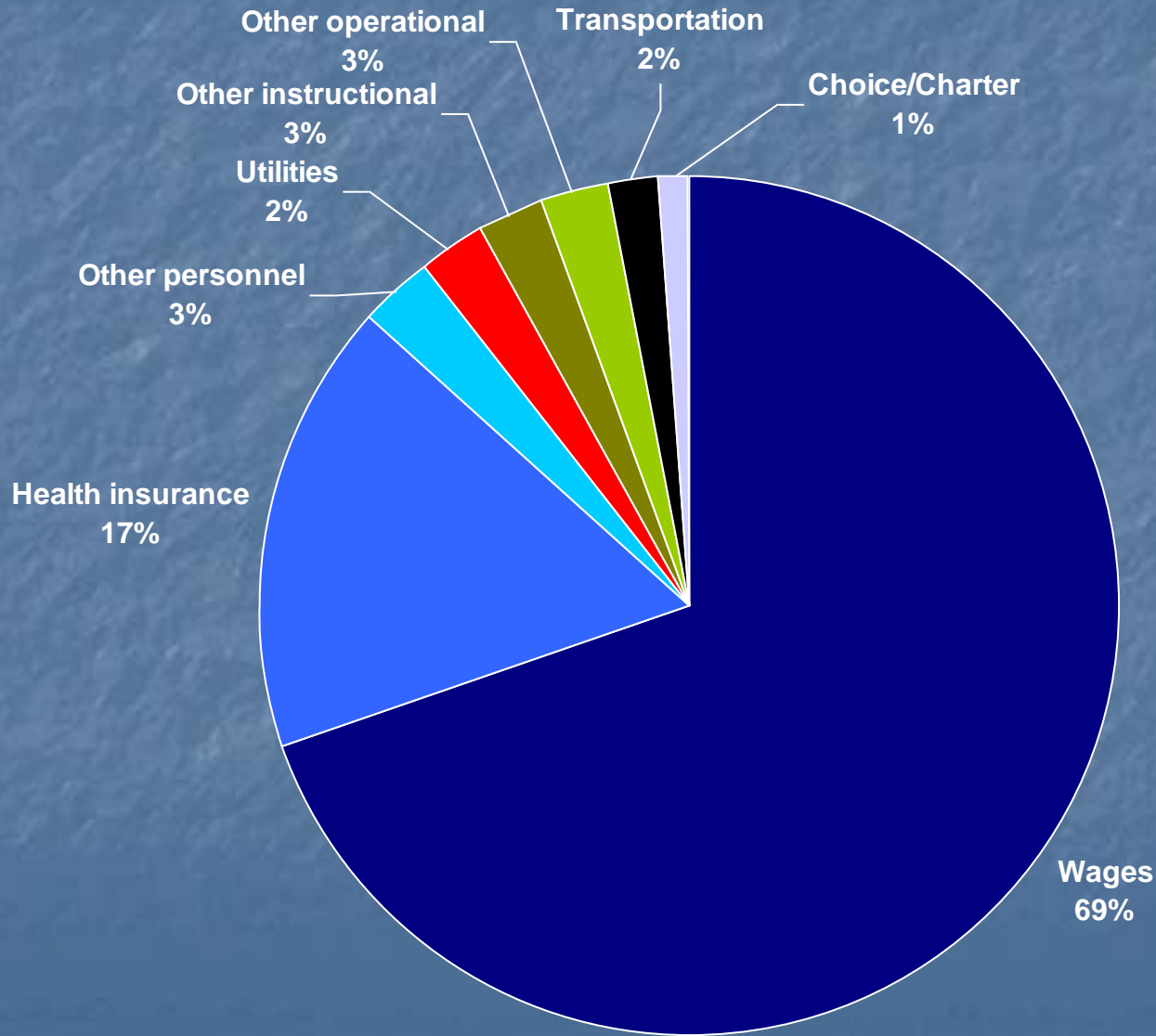
Fort River

Marks Meadows

Wildwood



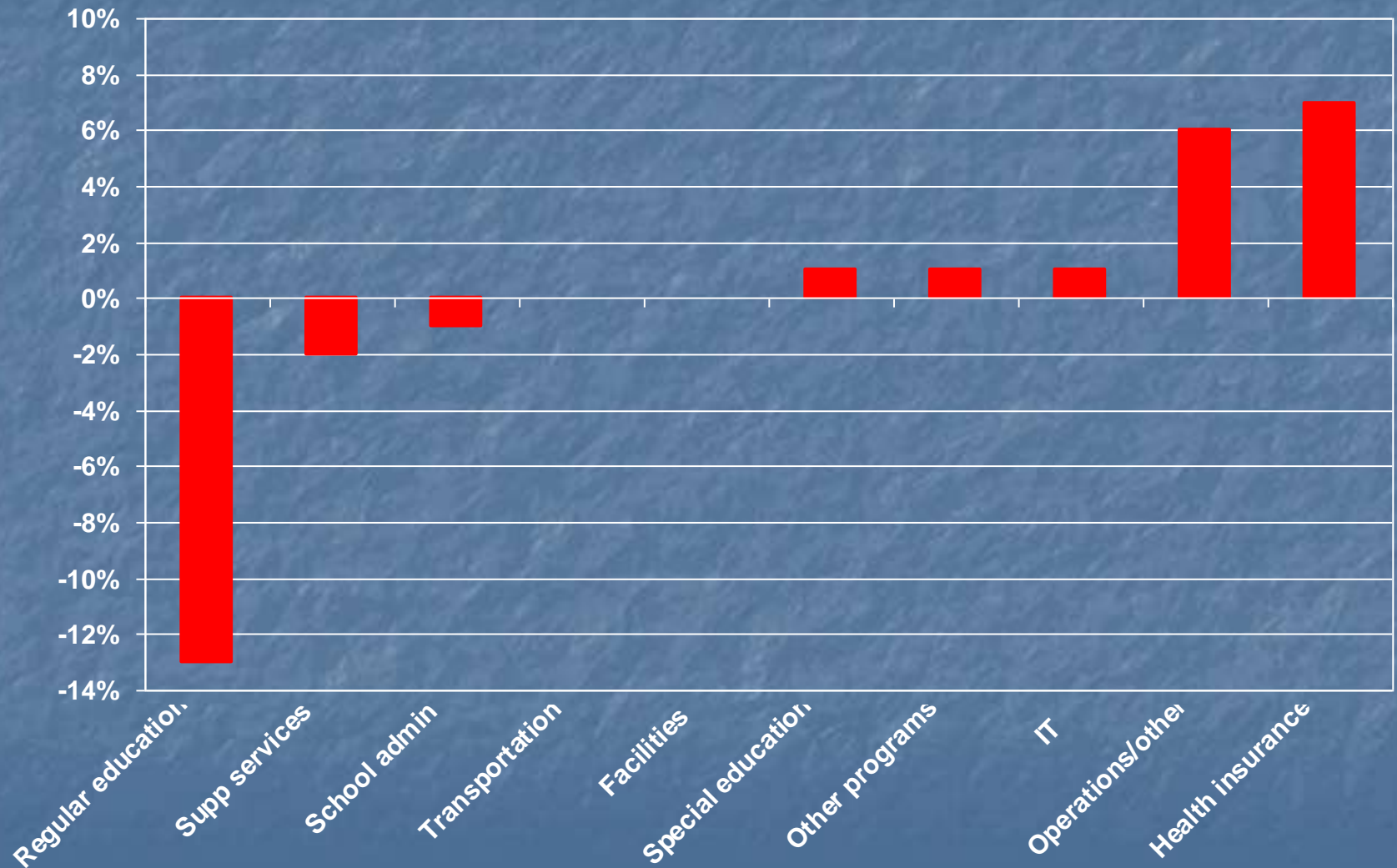
# What Are the Current Elementary Schools Expenditures?--FY09 (\$20.7M)



# History of the Elementary Schools Budget Over the Past Five Years

- Class sizes have increased
- Classroom and library paraprofessionals have been reduced or eliminated
- Art, music, computer, and physical education programs have been reduced
- Expenditures on books and supplies have been dramatically slashed

# Change in Proportion of Elementary Schools Budget Allocated to Various Areas: FY00-FY09





# **Three Proposed Elementary Schools Scenarios**

## **Scenario 1: Level Funding**

**The Elementary budget will increase from \$20.7M to \$23.7M by FY 14**

## **Scenario 2: Level Services**

**The Elementary budget will increase from \$20.7M to \$26.9M by FY 14**

## **Scenario 3: Priority Restorations and Additions**

**The Elementary budget will increase from \$20.7M to \$28.2M by FY 14**

**Please weigh in  
on these three scenarios.**

# Elementary Schools Scenario 1: Level Funding

- Reduction in personnel (18 to 22 positions)
  - Higher student to staff ratio
  - Reduction in differentiated instruction (remedial and enrichment)
  - Reduction or elimination of instructional programs

## Elementary Schools Scenario 2: Level Services

- Current services would be maintained at the current level, as much as possible
- Class sizes would remain the same, as much as possible given changing demographics
- Additional revenue would be required.



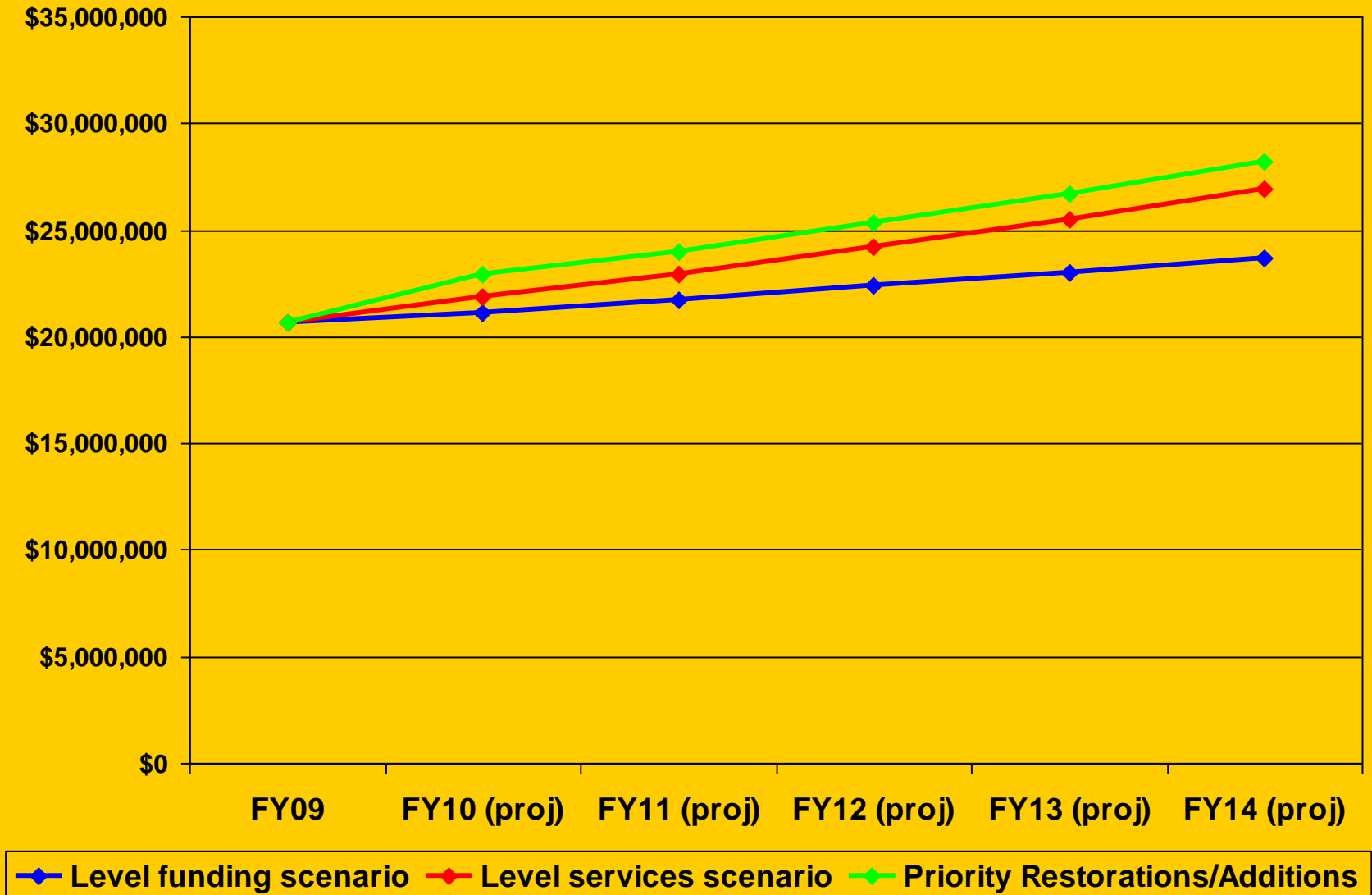


# **Elementary Schools Scenario 3: Priority Restorations and Additions**

- Restore 50% of cuts since FY03 in textbooks, libraries, and supplies.
- Reduce class sizes (3 FTE).
- Restore cuts of cost-effective paraprofessionals, to better individualize instruction in reading, research skills, science, and computers (restore 9 FTE).
- Close achievement gaps by restoring Parents as Teachers support program, English Language Learners teacher, and special education team leader and teacher.
- Restore recent art, music, PE cuts (1 FTE).
- Restore assistant superintendent position (1 FTE)
- Fund a grants administrator to help bring in more funds (.5 FTE)
- Keep up with increased data and technology demands from the state, parents, etc. (1 FTE coordinator/teacher, data staff training funds)
- Close achievement gaps by restoring/enhancing after-school programs and summer school support
- Maintain facilities and transportation (restore 1 custodian, summer maintenance help, limited overtime for drivers, supplies, contracted services).



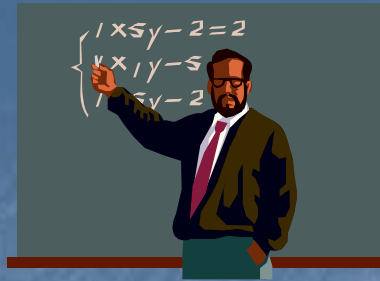
# Summary of the Three Elementary Schools Scenarios



# Summary of Annual Budget Gap for the Three Elementary Schools Scenarios

	FY09	FY10	FY11	FY12	FY13	FY14
Level funding (cuts)	\$0	\$0	\$0	\$0	\$0	\$0
Level services (no cuts/no additions)	\$0	\$761K	\$1.2M	\$1.9M	\$2.5M	\$3.2M
Priority Restorations and Additions	\$0	\$1.8M	\$2.3M	\$3.0M	\$3.7M	\$4.5M

**This represents the amount of additional money needed each year to close the gap between our currently projected budget and the amount needed for either level services or Priority Restorations and Additions services**



# Regional Schools

Current and projected expenditures for the  
Amherst-Pelham Regional Schools

Amherst  
Pelham

Leverett  
Shutesbury

# Regional Schools

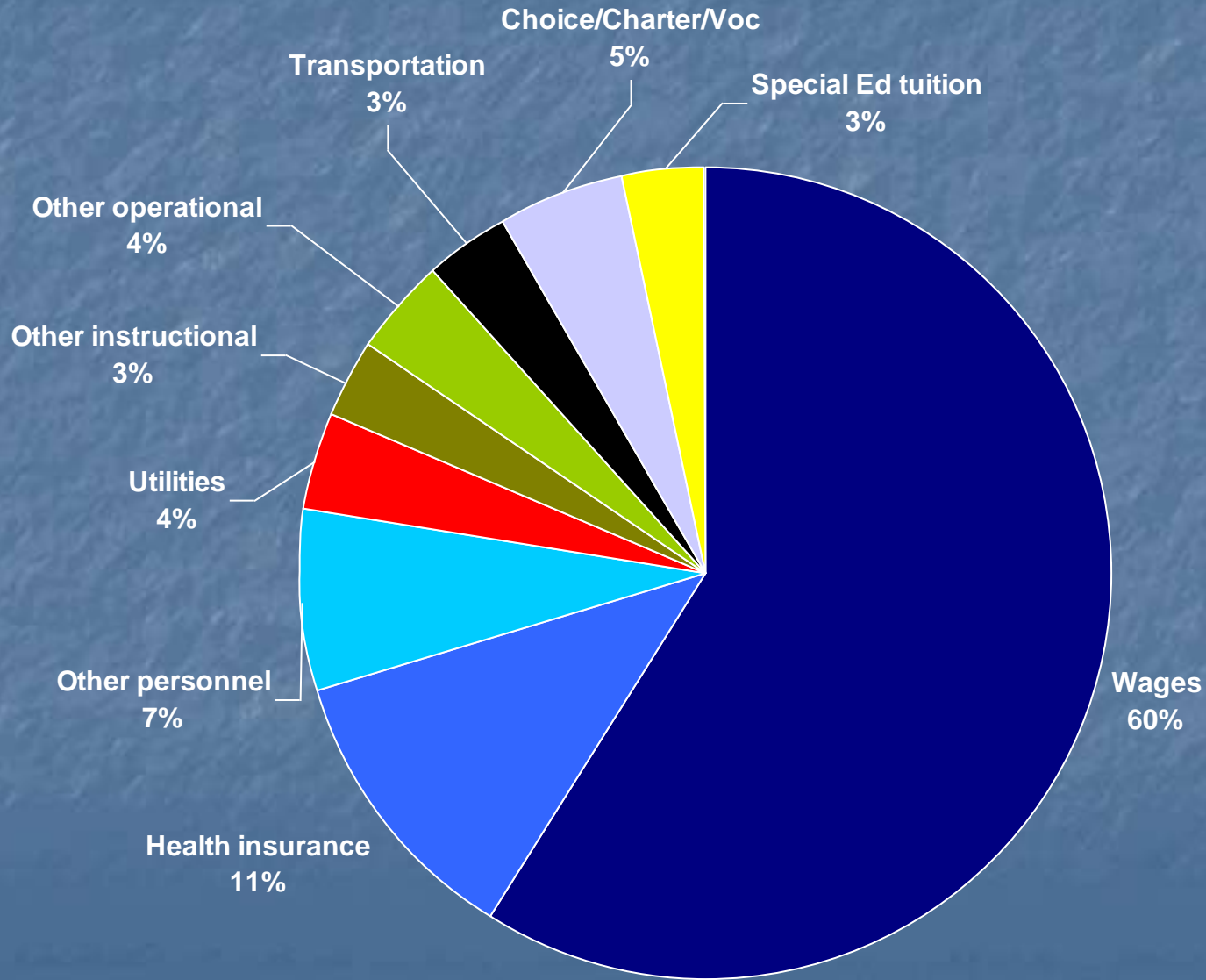
- The Town of Amherst contributes about 44% of the total regional schools budget
- The distribution of spending presented for the Regional budgets reflects both the total budget and Amherst's portion
- The raw numbers for the budget presented and the subsequent gaps represent Amherst's portion only
- Any decisions Amherst makes regarding funding of the Regional budget (under any scenario) would have to be agreed-upon by the other member towns

The total Regional budget in FY09 was \$28.1M

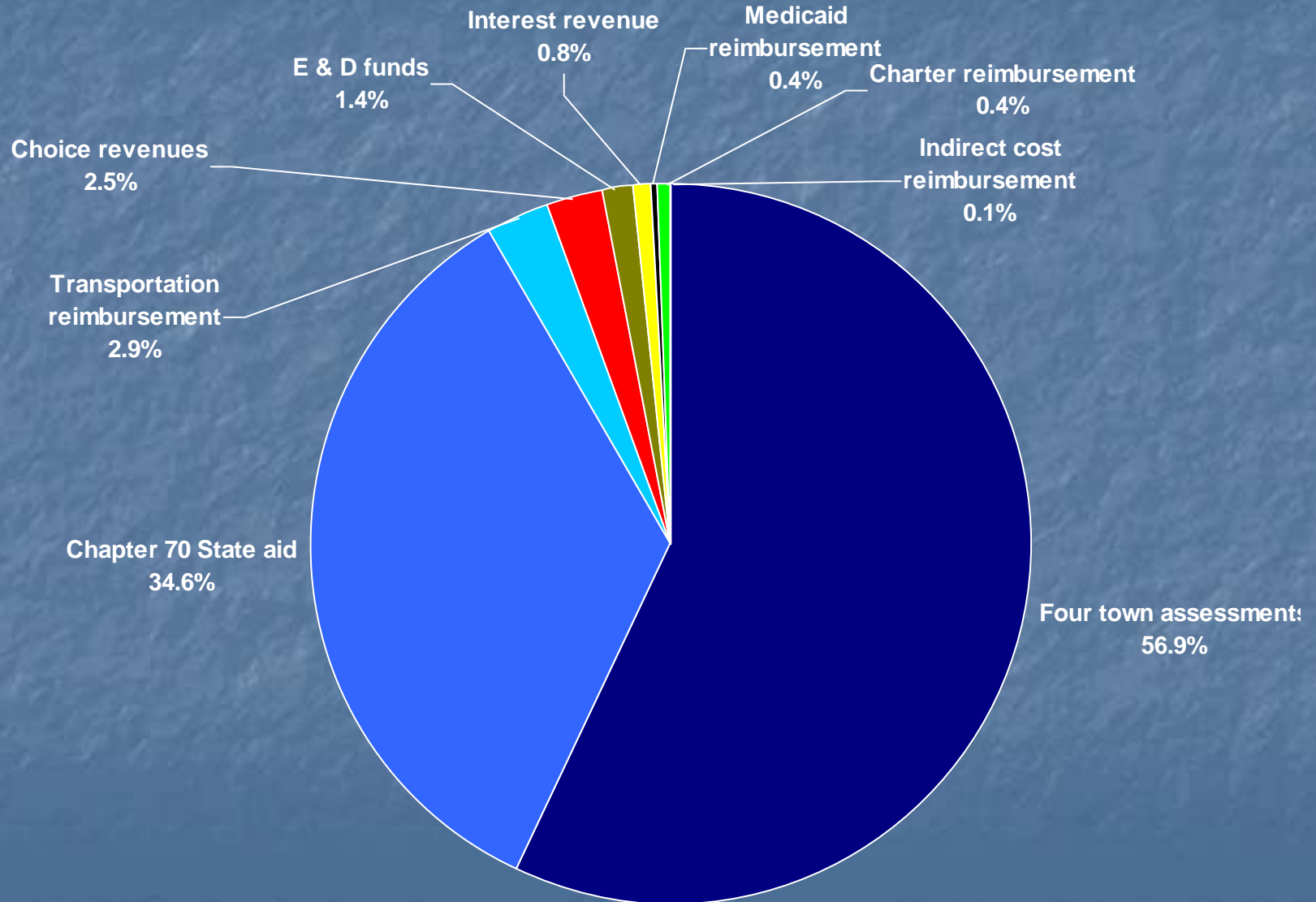
Amherst's portion of the Regional budget in FY09 was \$12.4M



# What Are the Current Regional Schools Expenditures?--FY09 (\$28.1M)



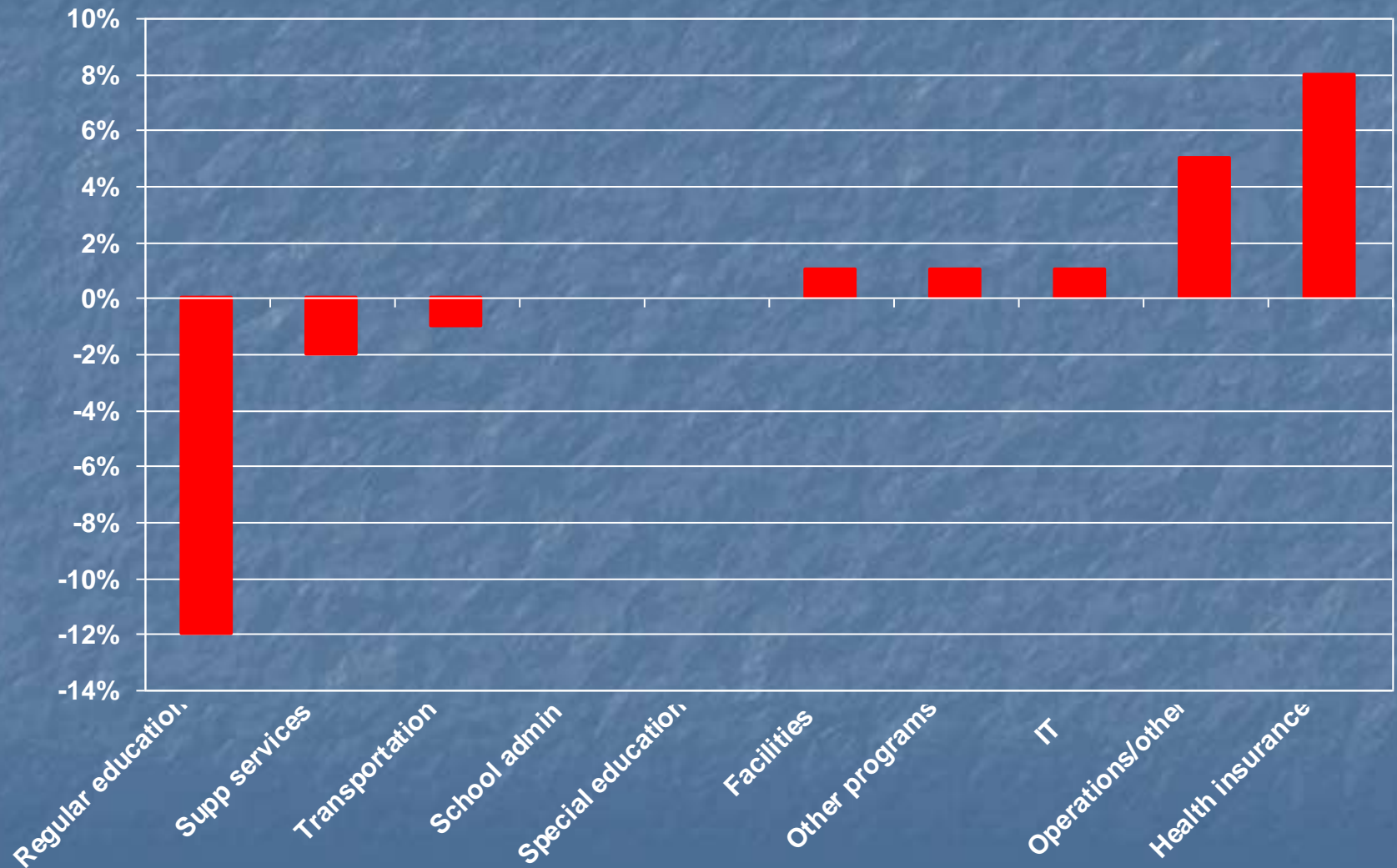
# What Are the Current Sources of Revenue for the Regional Schools--FY09



# **History of the Regional Schools Budget Over the Past Five Years**

- Teachers have been eliminated
- Students have mandatory study halls
- Students cannot take multiple math or multiple science courses concurrently
- Electives have been reduced or eliminated
- Physical education requirements have been reduced
- Fees have been increased
- Administrative, clerical, and custodial staffing has been reduced

# Change in Proportion of Regional School Budget Allocated to Various Areas: FY00-FY09





# **Three Proposed Regional Schools Scenarios**

## **Scenario 1: Level Funding**

**The Regional budget will increase from \$12.4M to \$14.2M by FY 14**

## **Scenario 2: Level Services**

**The Regional budget will increase from \$12.4M to \$18.4M by FY 14**

## **Scenario 3: Priority Restorations and Additions**

**The Regional budget will increase from \$12.4M to \$19.5M by FY 14**

**Please weigh in  
on these three scenarios**

# **Regional Schools Scenario 1: Level Funding**

- Reduction in personnel (30 to 34 positions)
  - Higher student to staff ratio
  - Reduction in differentiated instruction (remedial and enrichment)
  - Reduction or elimination of programs (core and elective)
  - Increase in student participation fees

## Regional Schools Scenario 2: Level Services

- Current services would be maintained at the current level, as much as possible
- Current course offerings would be on par with current offerings
- Class sizes would remain the same as possible, given changing demographics and fluctuations in course enrollment each year
- Study hall requirement would remain in place
- Additional revenue would be required.



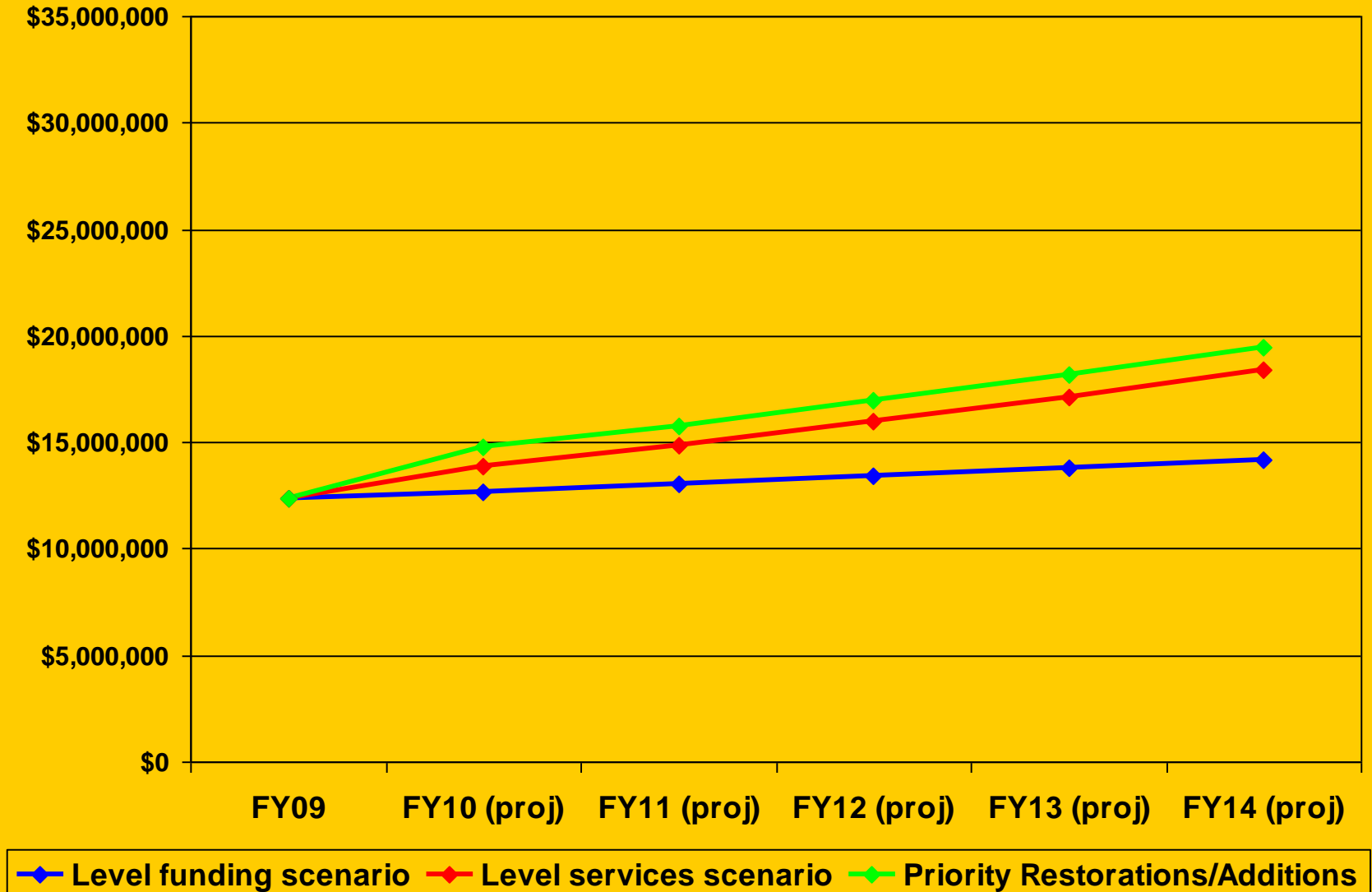


# **Regional Schools Scenario 3: Priority Restorations and Additions**

- Restore 50% of cuts since FY03 in textbooks, libraries, and supplies
- High school: eliminate mandatory study halls, reduce the 50+ classes with 25+ students, allow students to take two math or science courses concurrently, and adequately staff special ed (restore 6 FTE)
- Middle school: reduce class sizes for core courses, restore recent arts cuts, and adequately staff special ed (restore 4 FTE)
- Restore cuts of paraprofessionals to better focus instruction on individual student interests/needs (3 FTE library and regular ed, 5 FTE special ed)
- Restore assistant superintendent position (1 FTE)
- Fund a grants administrator to help bring in more funds (.5 FTE)
- Keep up with increased data and technology demands from the state, parents, etc. (1 FTE coordinator/teacher, data staff training funds)
- Close achievement gaps by restoring/enhancing after-school programs and summer school support
- Maintain facilities and transportation (restore 1 custodian, summer maintenance help, limited overtime for drivers, supplies, contracted services).
- Support distance learning and coordinator to cost-effectively deliver staff training as well as expanded / enhanced curriculum to students.



# Summary of the Amherst Portion of the Three Regional Schools Scenarios



# Summary of Annual Amherst Budget Gap for the Three Regional Schools Scenarios

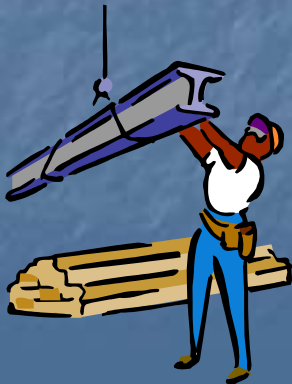
	FY09	FY10	FY11	FY12	FY13	FY14
Level funding (cuts)	\$0	\$0	\$0	\$0	\$0	\$0
Level services (no cuts/no additions)	\$0	\$1.2M	\$1.8M	\$2.6M	\$3.4M	\$4.2M
Priority Restorations and Additions	\$0	\$2.1M	\$2.8M	\$3.6M	\$4.4M	\$5.3M

**This represents the amount of additional money needed each year to close the gap between our currently projected budget and the amount needed for either level services or Priority Restorations and Additions services**

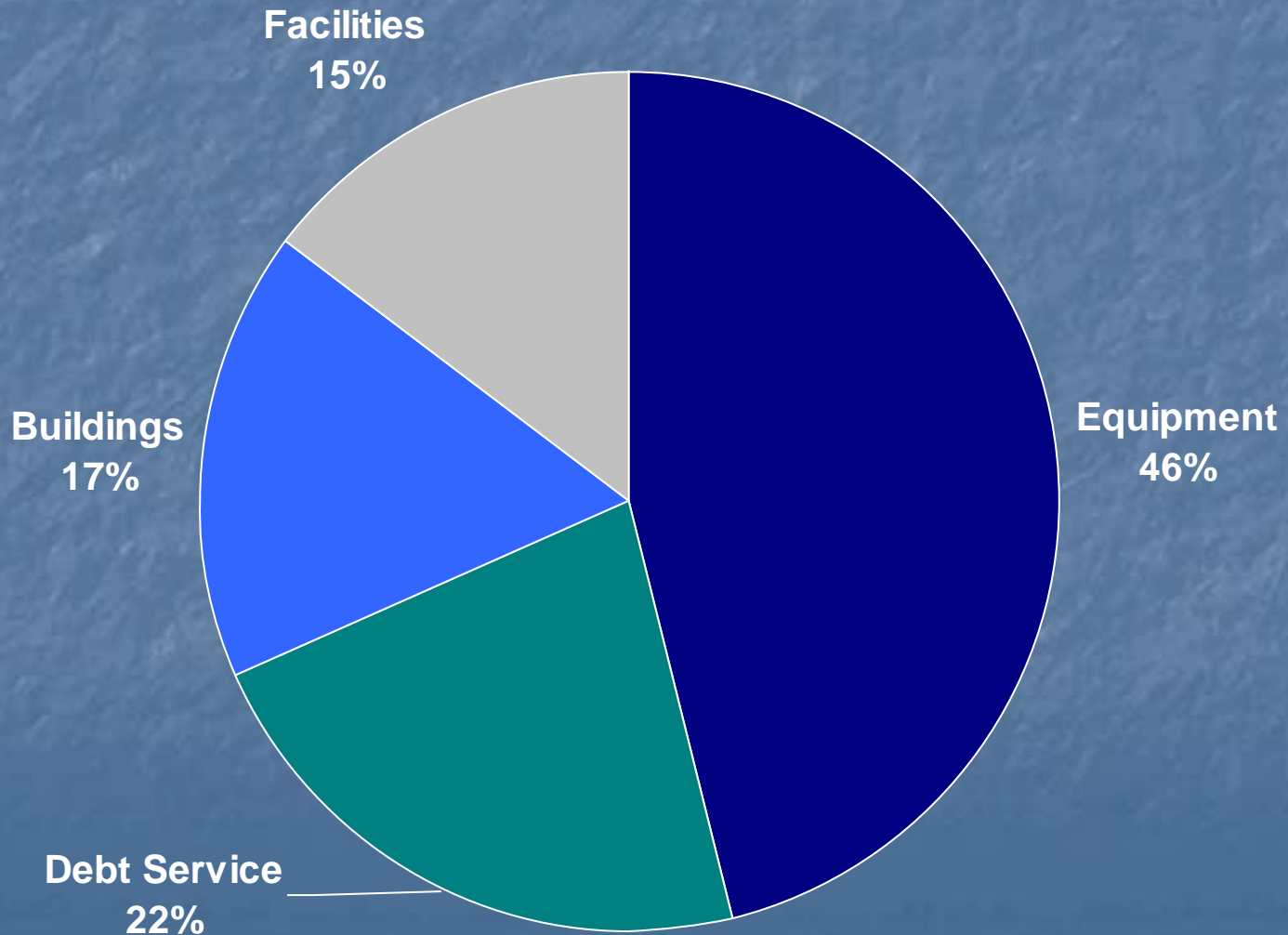


# Capital Budget

Current and projected expenditures for the  
Amherst Capital Budget

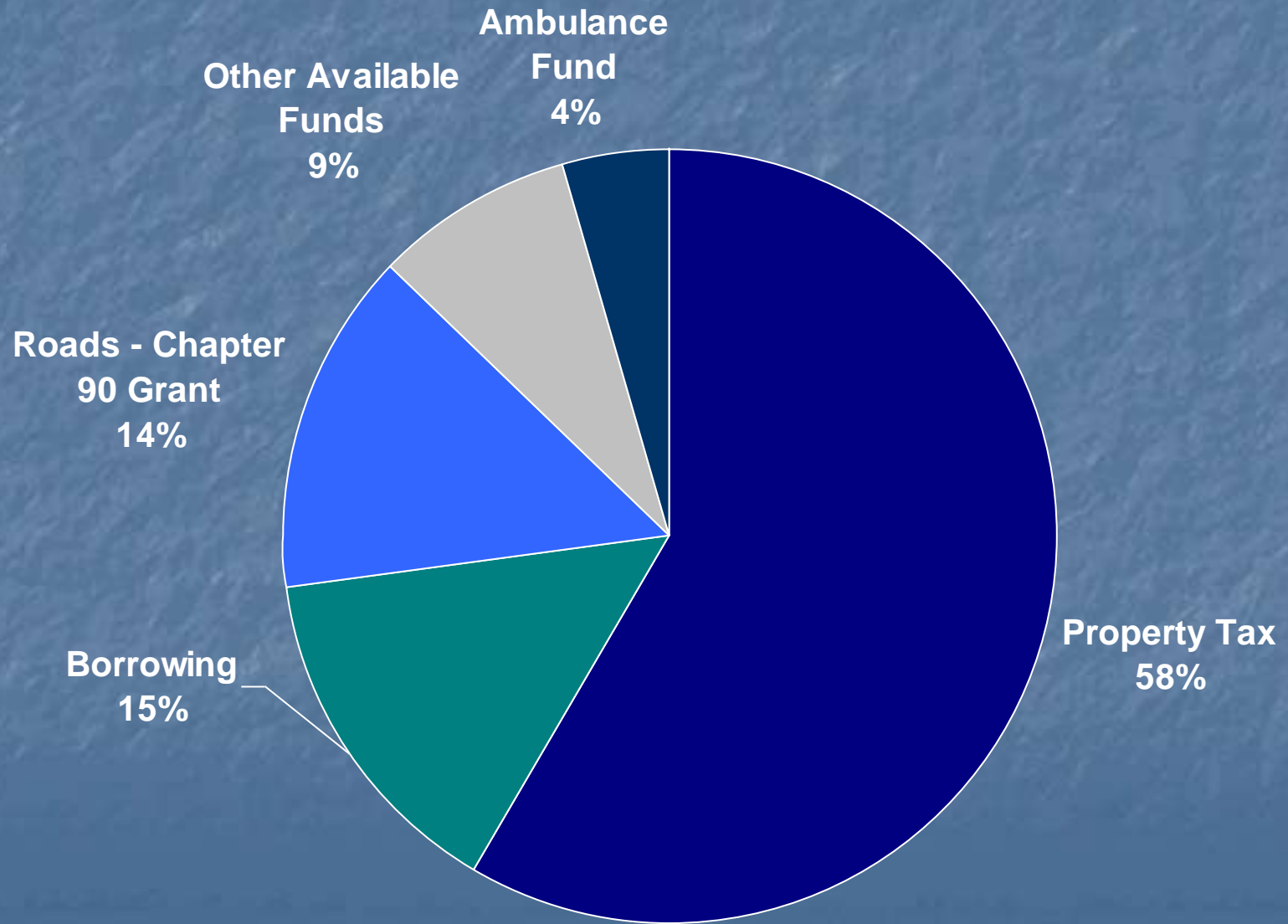


# What Are the Current Capital Budget Expenditures?--FY09 (\$2.5M)





# Sources of Revenue for the Capital Budget--FY09

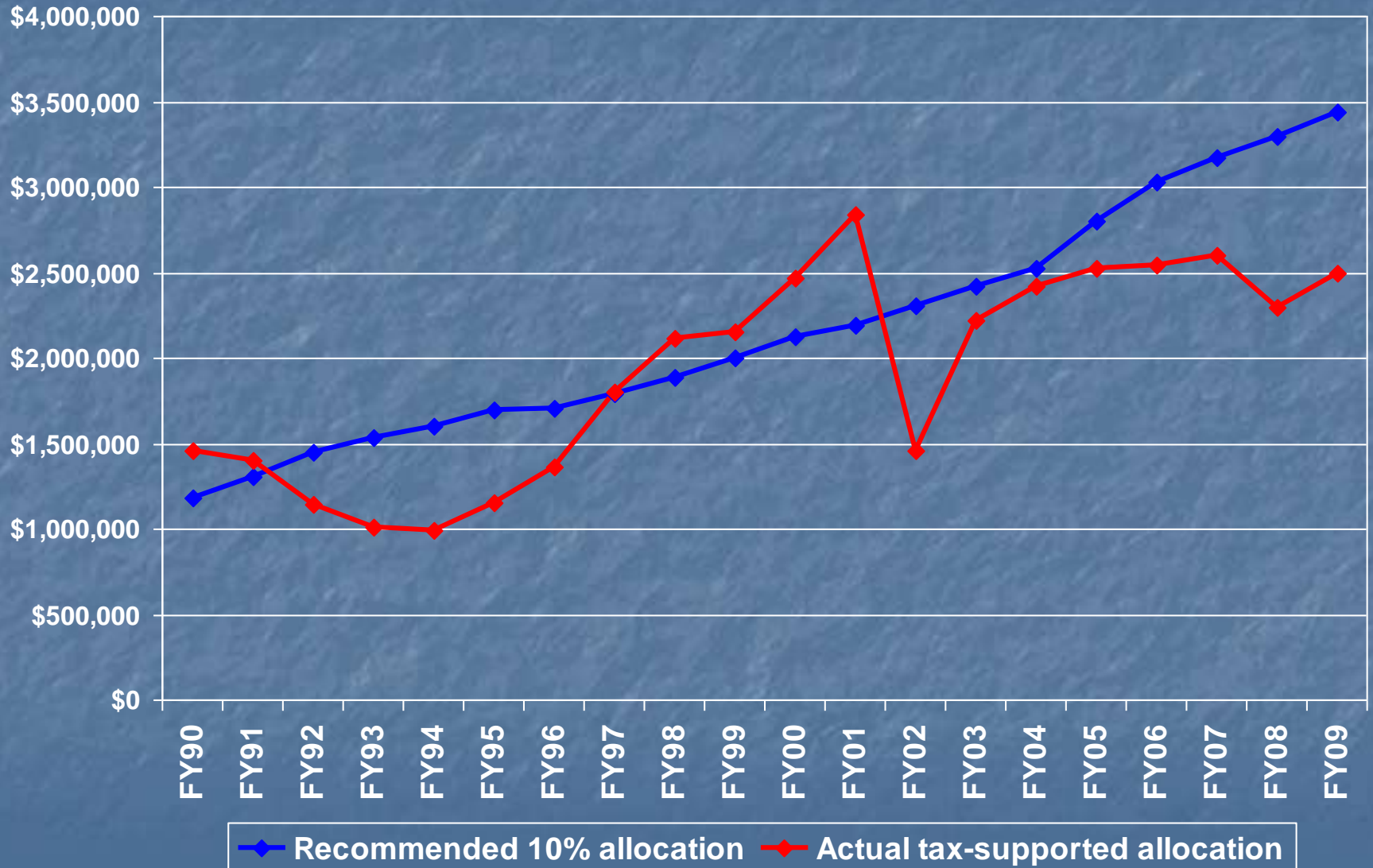


# History of the Capital Budget Over the Past Five Years

- While a number of critical investments have been funded in recent years...
  - Energy Efficiency & HVAC (Bangs Center, Police Station)
  - School Buildings (Wildwood roof, Crocker Farm renovation/expansion)
  - Town Hall Repainting and Clock Tower (partially funded with CPA funds)
  - Public Safety (police cruisers, ambulances, dispatch equipment)
  - Public Works (heavy equipment, road resurfacing)
  - Recreation Facilities (Plum Brook, Groff Park)
  - Technology (Town, School, Library, and downtown wireless network/applications to increase productivity, access, and learning)
- ...annual funding for the capital plan has been **reduced** by almost \$300,000 since FY 05, from 9.3% of the annual property tax levy in FY 05 to just 7.25% in FY 09 due to budget constraints.

**A deferred maintenance and new construction backlog is growing...**

# History of Capital Budget Funding





# **Three Proposed Capital Budget Scenarios**

## **Scenario 1: Level Funding**

**The Capital budget will increase from \$2.5 to \$ 3.0 million by FY 14**

## **Scenario 2: Level Services**

**The Capital budget will increase from \$2.5 to \$3.6 million by FY 14**

## **Scenario 3: Priority Restorations and Additions**

**The Capital budget will increase from \$2.5 to \$4.2 million by FY 14**

**Please weigh in  
on these three scenarios**



# Capital Budget Scenario 1: Level Funding

Continued 7.25% of tax levy allocation through FY14

- Level funding would not be sufficient to “adequately fund a viable multi-year capital plan to maintain infrastructure, replace worn equipment, and other capital needs of the Town.”

*--JCPC and Finance Committee (2008)*

- Deferred maintenance would continue to grow and become more expensive to fix/replace later
  - Roads and sidewalks (estimated at \$15.9 million)
  - Wildwood, Fort River, and Marks Meadow Schools
  - Fire Station(s)
  - Public Works Garage (renovate or replace the 100-year old trolley barn)
  - Conservation, Parks, and Recreation land and facilities

# Capital Budget Scenario 2: Level Services

Gradual increase in tax levy allocation from current 7.25% to 8.5% by FY14

- Would allow an additional \$1.5M of capital investment over the next five years:
  - Public Works vehicle replacements
  - Kendrick Park improvements (to provide local match for prospective grant funding)
  - Jones Library furnishings and equipment
  - Schools/Town computer technology
  - Fort River School roof replacement
- Deferred maintenance continues to grow, but at a slower rate
- Additional revenue would be required

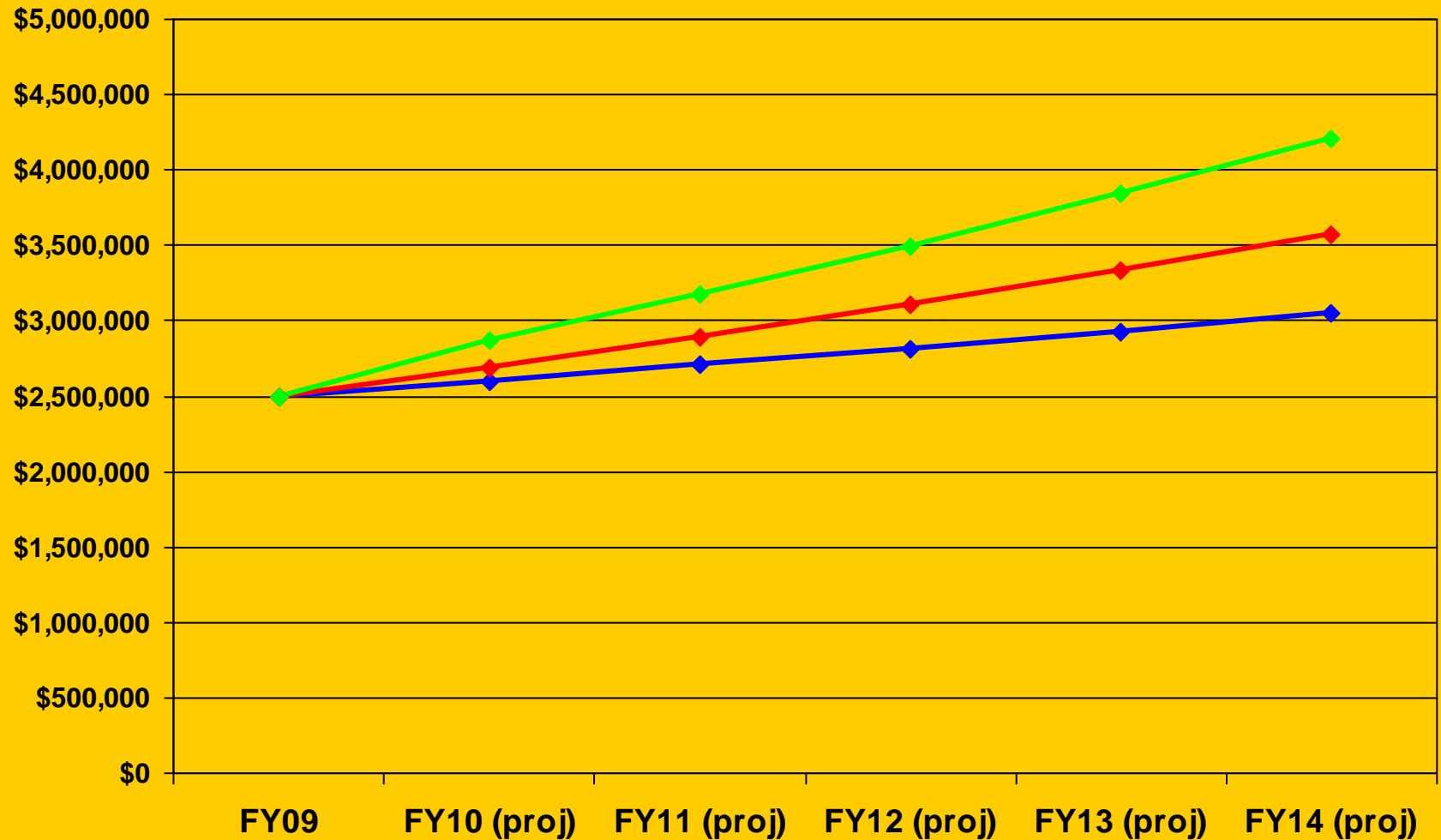


# Capital Budget Scenario 3: Priority Restorations and Additions

Gradual increase in tax levy allocation from current 7.25% to 10% by FY14

- Would eventually get most/all equipment on regular replacement schedules and buildings/facilities free from some of the health and safety problems that have occurred in the past.
- Would also allow (by FY 13 or FY 14) a “big ticket” project such as debt service for a new Fire Station to be funded.
- Several major capital needs would still need funding sources to be identified
  - Roads and Sidewalks
  - Wildwood/Fort River/Marks Meadow Schools
  - Public Works Garage

# Summary of the Three Capital Budget Scenarios



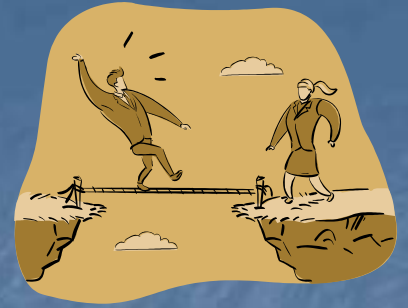
—◆— Level funding scenario —◆— Level services scenario —◆— Priority restorations/additions



# Summary of Annual Budget Gap for the Three Capital Budget Scenarios

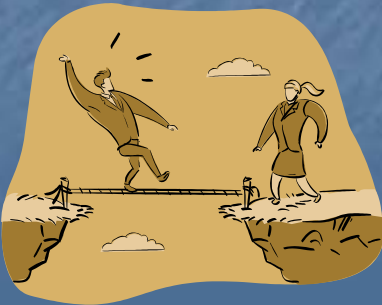
	FY09	FY10	FY11	FY12	FY13	FY14
Level funding (cuts)	\$0	\$0	\$0	\$0	\$0	\$0
Level services (no cuts/no additions)	\$0	\$90K	\$187K	\$291K	\$404K	\$525K
Priority Restorations and Additions	\$0	\$269K	\$466K	\$680K	\$910K	\$1.2M

**This represents the amount of additional money needed each year to close the gap between our currently projected budget and the amount needed for either level services or Priority Restorations and Additions services**

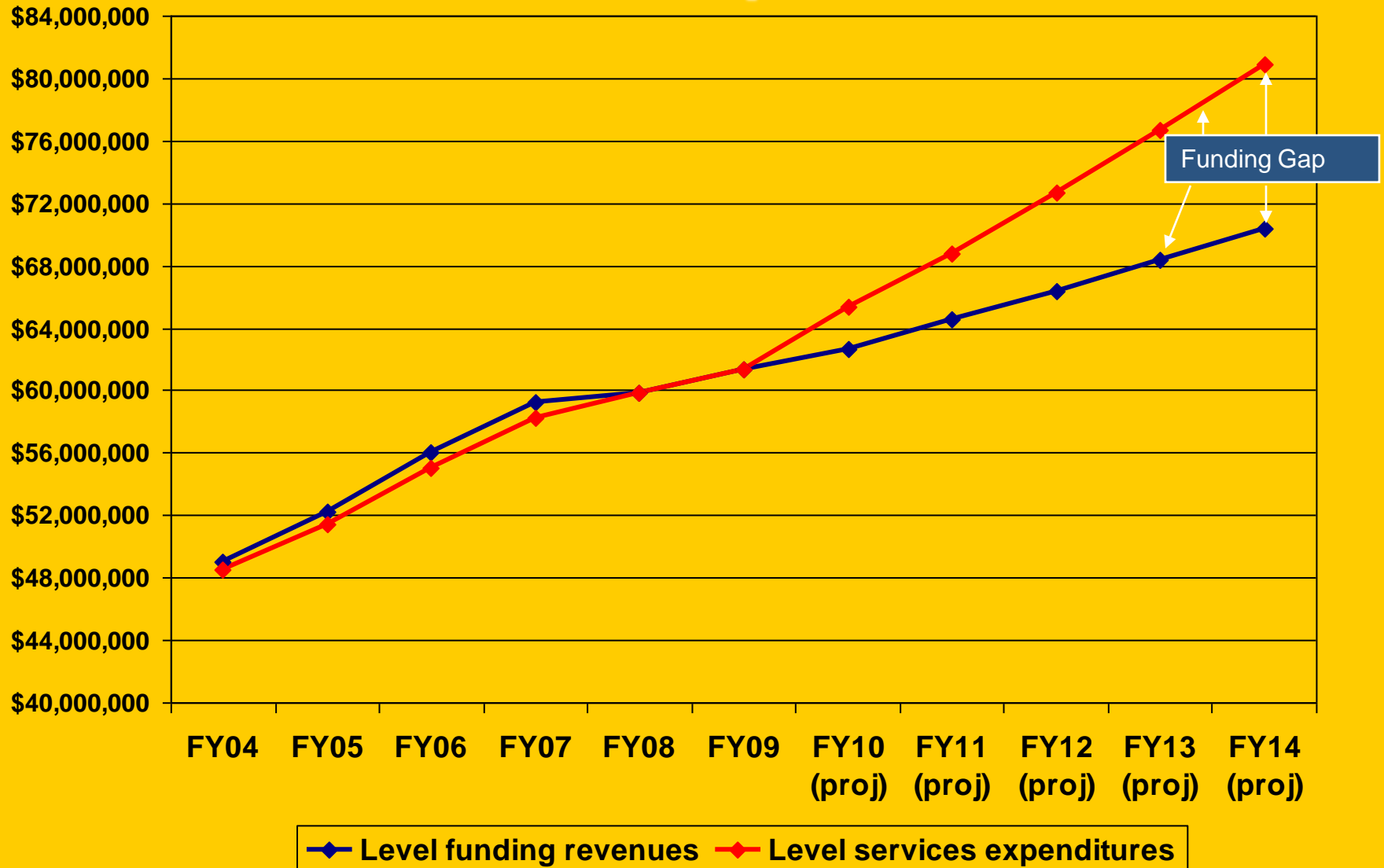


# Closing the Gap

Recent successes and future possibilities



# History and Projections of Total Town Revenue and Expenditures



# Your town officials have been working on the problem

- Consolidations
- Regionalization of services
- Efficiencies





# Consolidations Already in Place

- Facilities Management department head shared between Town and Schools, **resulting in lower costs and energy conservation**
- Consolidation of Human Rights/Human Resources
- Consolidation of LSSE and Cherry Hill Golf Course
- Cooperation in Information Technology between Library, Town and Schools
- Expansion of the MUNIS software platform throughout Town, Library, and Schools
- Consolidation of Planning, Conservation, and Inspection—September 2008

# Regionalization—Current and Planned

## ■ Current

- Police: UMass/Town cross-jurisdictional authority
- Fire/Ambulance: reimbursement for fire and ambulance service was part of the overall agreement with UMass resulting in payment of \$425,000 per year; negotiations continue with Hadley and other local towns
- Employee Health Insurance: Town of Amherst, Amherst-Pelham Regional School District, Town of Pelham
- Veterans Services: partnering with Pelham; other towns in consideration

## ■ Planning/Researching Savings & Improved Services Opportunities

- Regional Dispatch System: current discussions ongoing with UMass and Hadley
- Property Assessment: surrounding town(s)
- Health Department: current negotiations with local towns

# What's Next?

## Potential Relative Impact on Various Gap-Closing Ideas

- Potentially **high impact**
  - Proposition 2<sup>1/2</sup> Override
- Potentially **moderate impact**
  - Increases in State Aid
  - Local Option Taxes (Meals, Lodging)
  - Increase Economic Development
- Potentially **low impact**
  - Increased reduction in costs through efficiencies, consolidation and regionalization
  - Increased revenue from ambulance service
  - Increased fees for services
- **Unknown impact**
  - Negotiations with UMass, Amherst College, and Hampshire College to increase support of town (PILOTs)



# Potential New Tax Revenue Resulting from an Override in FY10

	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>
\$1M Override	\$1.00M	\$1.03M	\$1.05M	\$1.08M	\$1.10M
\$2M Override	\$2.00M	\$2.05M	\$2.10M	\$2.15M	\$2.21M
\$3M Override	\$3.00M	\$3.08M	\$3.15M	\$3.23M	\$3.31M

**An override in years after FY10 would also generate increased tax revenue, but the delay in realizing those gains would be longer.**



## **Potential Increased Cost of an Override in FY10 to Average Homeowner (\$332,500 assessment)**

	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>
\$1M Override	\$160	\$164	\$168	\$172	\$176
\$2M Override	\$319	\$327	\$335	\$344	\$352
\$3M Override	\$479	\$491	\$503	\$516	\$529

**An override is one of only two discussed gap-closing measures that would directly cost Amherst residents money.**

# Potential Increased Revenue Resulting from an Increase in State Aid in FY10

- A projected increase might be 4% per year beginning in FY10
- By FY14, state aid would then account for 26.5% of our revenue

	FY10	FY11	FY12	FY13	FY14
4% increase in State Aid (instead of projected +1.5%)	\$566K	\$574K	\$607K	\$616K	\$655K

**Any increase in state aid is very unlikely.**

# Other Possible Revenue Sources

- **Very likely** in next few years
  - Closing the Telecommunications Tax Loopholes could bring in an average of \$230,227 per year
- **Somewhat likely** in the next few years
  - The proposed 2% Local Option Meals Tax could bring in another \$1.2M per year.
- **Not likely** in the next few years
  - The proposed 1% increase in the Local Option Lodging Tax could bring in another \$25,000 per year.

**These revenue sources require action at the State level**



# Economic Growth as a Potential Gap-Closing Measure

**Economic growth is happening!**

GOAL: to increase the tax base by **\$200M** over 10 years for an average increase of **\$20M** per year. This would result in an average of \$320K in new taxes per year.





# Potential New Revenue Generated from Projects Underway or Coming Soon

- Lord Jeffrey Inn Renovation/Expansion:
  - Already scheduled for November 2008
  - Estimated tax levy growth \$80,100-\$160,200
- New England Environmental
  - Two buildings on Larkspur—first to begin immediately
  - Estimated tax levy growth ~\$64,000
- Veridian Village Residential Community
  - Highly probable within next few years
  - Estimated tax levy growth \$720,900-\$1.1M
- North Amherst Professional Research Park (Patterson)
  - Possible within next few years
  - Estimated tax levy growth \$801,000-\$1.6M



# Possible, but Probably Low-Impact Gap-Closing Measures

- Increased fees for services
  - Increased revenue would vary by fee hike schedule but maximum estimate is \$90K per year
  - This is the second discussed measure that would directly **cost** Amherst residents money
- Increased ambulance revenue above current level
  - Maximum estimated increased annual revenue is \$90K
- Increased reduction in costs through efficiencies, consolidation and regionalization
  - Many of these have already been accomplished, so additional cost savings will be lower



# A PILOT: Partnership with Colleges and UMass

- 16.5% of Amherst land is owned by these three institutions and is not subject to property taxes
- A more formal Payment in Lieu of Taxes (PILOT) agreement might be a possibility to offset the loss in taxable income due to the inability of community to tax land owned by these entities
- Strategic plan already negotiated with UMass brings in \$425,000 plus an additional \$120,000 was donated to the Town by Amherst College in 2008.
- Potential for much greater cooperation in fostering economic development
- Much more is possible and should be vigorously pursued if mutually beneficial terms could be negotiated.

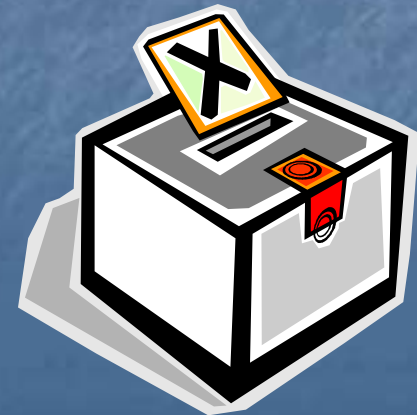
# Summary of Potential Gap-Closing Measures: Additional Expected Revenues per Year and Remaining Balance (best case scenario)

	FY10	FY11	FY12	FY13	FY14
Economic Development	\$ 80K	\$160K	\$320K	\$320K	\$320K
3% Increase in State Aid	\$425K	\$431K	\$455K	\$462K	\$491K
Telecom. Tax Loophole			\$230K	\$230K	\$230K
Local Option Meals Tax			\$1.2M	\$1.2M	\$1.2M
Local Option Lodging Tax			\$25K	\$25K	\$25K
Low Impact Measures (total)	\$200K	\$200K	\$200K	\$200K	\$200K
<b>TOTAL POTENTIAL</b>	<b>\$. 7M</b>	<b>\$.8M</b>	<b>\$2.4M</b>	<b>\$2.4M</b>	<b>\$2.4M</b>
Total budget gap—level services	\$2.7M	\$4.2M	\$6.3M	\$8.4M	\$10.5M
<b>AMOUNT REMAINING (cuts, override, or a combination needed to balance budgets)</b>	<b>\$2.0M</b>	<b>\$3.4M</b>	<b>\$3.9M</b>	<b>\$6.0M</b>	<b>\$8.1M</b>



# What Do You Think?

- We will ask you to provide us with feedback on what priority the Town should place on pursuing these five potentially highest impact gap-closing measures:
  - Increase Economic Development
  - Pursue an override
  - Aggressively seek development of PILOTs with Amherst College, Hampshire College, and UMass
  - Focus on pressuring State Legislature to increase local funding/local meals and lodging tax
  - Concentrate on bringing down costs in the future





# Question and Answer Segment

Facilitation of Community Choice Committee  
Fall 2008



# Tell Us What You Think!

Please take the remaining time to complete your questionnaire

If you would like additional information on these scenarios or on our Committee, please see our web site at:

[www.amherstchoices.org](http://www.amherstchoices.org)

